

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

South Africa: whites prepare for fight-back, Page 25

No. 29,916

Tuesday April 29 1986

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Algeria	20	Indonesia	2500	Paraguay	20
Bahamas	10	Italy	1300	S. Africa	10
Belgium	35	Japan	150	Singapore	30
Canada	50	Korea	500	Spain	10
Denmark	100	Malaysia	200	Switzerland	20
France	100	Norway	100	Taiwan	20
Germany	100	Philippines	20	Thailand	20
Greece	100	Portugal	20	USA	100
Hong Kong	100	Spain	100		
India	100	USA	100		

World news Business summary

EEC cash squeeze may split Community

EEC Finance Ministers were warned that cuts of Ecu 500m (\$488m) in 1986 and Ecu 1bn in 1987 would have to be made in EEC programmes to keep spending within the legal limit on Community revenues. Even then, the combined needs of the Common Agricultural Policy and the funds for social and regional spending were set to make a nonsense of the ministers' efforts at imposing budgetary discipline on the European institutions. The squeeze on Community programmes seems certain to open a deep divide between the member states. The 12 Finance Ministers yesterday failed to agree on whether the likely overrun in farm spending should be considered "exceptional" or not. Page 2

Tunisia reshuffle

Tunisian President Habib Bourguiba appointed a new Interior Minister in a reshuffle that also rearranged the economic portfolios in his cabinet. The reshuffle was the second this month. Page 3

Suspect arrested

Domingo Ibarbe Abasolo, wanted in Spain as a suspected leader of the Basque separatist movement Eta, was arrested in France. Eta said it was responsible for a Madrid car bomb attack last Friday in which five paramilitary civil guards were killed. Arrest. Page 3

Pacific talks call

Soviet Union called for talks aimed at keeping the sea lanes in the Pacific open to all countries. Page 4

Health liability

A judge in Boston, Massachusetts, ruled that the warnings on cigarette packets did not protect tobacco companies from product liability lawsuits. Page 6

Greek official quits

Kostas Isimas, a senior official of the Greek Public Order Ministry resigned after the Socialist Government was criticised for failing to catch guerrillas who killed Dimitris Angelopoulos, a top industrialist, on April 8. Page 6

2,500 missing

Odd Gram, general secretary of the Norwegian Red Cross, said 2,500 people were missing after a dam gave way in Sri Lanka last week and authorities there had underestimated the extent of the disaster. Page 6

Rebels 'killed 172'

Mozambican right-wing rebels said they killed 172 government soldiers, captured a town and a government position and seized a train carrying supplies in recent attacks in three provinces. Page 6

Priest expelled

Mauritius has expelled a French Roman Catholic priest, accusing him of "undesirable activities," according to Bishop Jean Hargreave, the leader of the country's 300,000 Catholics. Page 6

Porcelain prices

The first day of Christie's Hatcher porcelain sale in Amsterdam, of an 18th-century cargo recovered from the South China Sea, fetched prices five times as high as expected. Arts Page 23

Texas slavery trial

A prominent Texas family, accused of kidnapping hapless drifters to work at their ranch, goes on trial today in the state's first criminal slavery case since the Civil War era. Page 5

Hirohito at 85

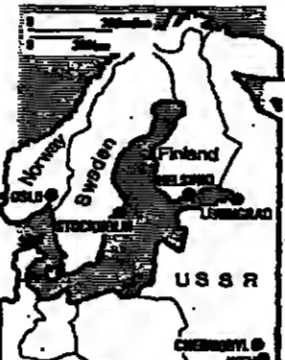
Japan today commemorates the 60th anniversary of the reign of Emperor Hirohito, the longest imperial rule in Japanese recorded and mythical history. He is 85 today. Page 5

SCANDINAVIA DETECTS HIGHER RADIATION LEVELS

Moscow admits to Ukraine N-plant accident, injuries

BY OUR FOREIGN STAFF

A SOVIET nuclear power station in the Ukraine has suffered a serious accident, resulting in casualties, the official news agency Tass said yesterday. One of the four 1,600 MW reactors at the giant nuclear plant at Chernobyl, north of Kiev, was damaged. The Soviet admission came only hours after a wave of increased radioactivity had been detected far to the north in several Scandinavian countries. The alarm was first sounded in Sweden, where the country's chief nuclear inspector said the accident appeared to be a meltdown of nuclear fuel in a reactor core. The radiation spectrum was not that associated with a nuclear weapons test. The accident is a serious blow to the Soviet Union. The Soviet energy programme depends heavily on a rapid increase in nuclear power over the next five years to replace oil-fired power stations.



The four 1,600 MW reactors at Chernobyl are all of the unique Russian-designed, water-cooled, graphite-moderated type known as the RBMK. The RBMK was designed as a dual-purpose reactor, producing plutonium for nuclear weapons as well as nuclear power. Because of the facility with which the RBMK produces plutonium, the Russians have never permitted exports. Neither have they permitted its inspection by the safeguards division of the International Atomic Energy Agency. At least 14 RBMK-type reactors are in operation in the Soviet Union, including one at Ignalina in Lithuania of 1,500 MW output, claimed to be the world's biggest reactor. Speaking before the Soviet admission of the Chernobyl accident, Mrs Birgitte Dahl, the Swedish Energy and Environment Minister, said the wind direction suggested the source of the radiation to be around the Black Sea. "We have not received any early warning, and that is not acceptable. There are international agreements on how to act in such cases," she said. According to a spokesman for the Swedish nuclear power station at Forsmark, where the extra radiation was first detected, the level of radioactivity detected in Sweden was not considered dangerous and was only four times higher than normal background radiation. During the day, control stations across Scandinavia, in Finland, Norway, Denmark as well as Sweden, reported above-normal radioactivity levels. It remained unclear how prevailing northwest winds had carried the Chernobyl radiation so far and so fast, it as Tass eventually said.

Paris and Tokyo ready to act against terrorism

BY JUREK MARTIN IN TOKYO AND DAVID MARSH IN PARIS

LEADERS of Japan and France, hitherto reluctant to devote time at next week's world economic summit to the subject of terrorism, have both now signalled their readiness to seek stronger international co-operation from the discussions in Tokyo. Mr Yasuhiro Nakasone, the Japanese Prime Minister and summit host, said yesterday that he would explore "all angles" in pursuit of an agreement to "counter terrorism."

Independent foreign policy was not compromised. The statements suggest that President Reagan may succeed in securing a summit commitment to stronger moves against terrorism, although he is unlikely to persuade his allies to join in economic sanctions. At a lunch with foreign correspondents at his official residence in Tokyo, Mr Nakasone declined to elaborate on how he might mediate between the US and those nations with publicly depressed reservations about its strike against Libya. But he did hint at some personal sympathy for the US standpoint in his observations that state-sponsored terrorism, as opposed to individual acts, appeared to be on the rise.

From an economic standpoint, Mr Nakasone insisted that Japan's response had been "most appropriate." The Government had instructed Japanese companies not to take advantage of the withdrawal of US commercial interests from Libya and "this has been observed," in that Japan had entered into no new substantial business contracts with Libya. Moreover, the Libyan diplomatic office in Tokyo had only four staff members. Mr Nakasone did not leave the

Japanese lift share of Europe's car market to record 11.3%

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN LONDON

TOYOTA and Nissan overtook BMW for the West German new car market for the first time in the first quarter of this year and helped to lift the total Japanese share to a record 11.3 per cent. Fiat of Italy was European market leader in the January-March period and seems likely to maintain that position for the first half-year. But Volkswagen-Audi of West Germany is about to take over Seat from the Spanish Government and Seat's share - 1.4 per cent in the first quarter - will almost certainly ensure that for 1986 as a whole, the enlarged West German group keeps the European title it won for the first time in 1985.

West European new-car sales (first quarter)		
	1985	1986
Total volume	2,788,900	2,913,000
Market share %		
Fiat	12.8	13.1
VW-Audi	12.1	12.9
Ford	7.7	7.6
General Motors	12.1	11.8
Pugeot-Citroen	11.5	11.4
Talbot	11.2	9.4
Renault	11.2	9.4
SEAT (Spanish Rover)	3.9	3.8
Daimler-Benz (Mercedes)	3.8	3.7
Toyota	2.3	2.8
Nissan	2.5	2.7
BMW	2.5	2.7
Total Japanese	9.8	11.3

The fact that both Toyota, largest of the Japanese automotive groups, and Nissan, the second-largest, passed BMW in the first quarter stems as much from the West German company's weak performance as from Japanese strength. However, the Japanese as a group have been able to make more headway recently in every European car market for a combination of reasons: styling more acceptable

to European taste; cars with diesels and emission control equipment to appeal to markets such as Germany, Austria and Switzerland, which are very concerned about the environment; and lower prices, which in the first quarter were still

not reflecting the appreciation of the yen. Toyota, with the help of new Corolla and Celica models, is gaining the most ground and this year seems likely to beat its arch-rival Nissan in Europe for the first time. BMW's main problems are in its domestic market where it is being squeezed by Daimler-Benz, which has introduced in quick succession a new "small" 190 Mercedes range and new medium W124 models. Such is the strength of the D-B product range that the company moved ahead of Ford in the West German market last year and remained there in the first quarter of 1986.

The speed of BMW's slide can be gauged from the fact that in the first quarter of 1984 it had 7.2 per cent of the German market and a 3.3 per cent share in Europe as a whole. Although the company has been able to compensate by expanding export sales - and remains short of capacity, particularly for the 3-se-

France trims rates to stem capital inflow

BY DAVID MARSH IN PARIS AND RUPERT CORNWELL IN BONN

THE Bank of France yesterday cut its key money market intervention rate by 4 percentage point to 7 1/2 per cent after large capital inflows into France in the wake of the franc's devaluation within the European Monetary System three weeks ago. The reduction - the second in two weeks - is intended to damp down capital transfers, which threaten to push the growth in money supply beyond the 5 per cent limit set by Mr Edouard Balladur, the new Finance Minister. Authoritative estimates suggest that total flows of capital out of West Germany since the EMS realignment on April 8 have approached DM 20bn. Most of those funds have been channelled to France as a result of the relatively high yields on French deposits and securities.

The dollar remained weak yesterday as the markets looked nervously forward to the outcome of next week's economic summit in Tokyo. It traded against the D-Mark as low as DM 2.152, but leapt to DM 2.188 when it was learnt that the Bundesbank had intervened to buy dollars. It then fell back to end in London at DM 2.184, over 1 1/2 cents lower than its Friday close. Sterling gained 1 1/2 cents against the dollar to end at \$1.555, while the Bank of England's effective exchange-rate index rose by 0.5 to 76.4. Against the yen, the dollar traded as low as ¥164.55 before settling in London at ¥167.15, down 1 yen from Friday's close.

Big French banks cut their base lending rates to 10.1 per cent from 10.6 per cent 10 days ago, but in inflation-adjusted terms, French interest rates for most medium-sized and personal borrowers have still not started to come down. The D-Mark closed last night in Paris at FFf 3.1870, very close to its new EMS floor of FFf 3.1837 from which it has barely moved in the three weeks since the realignment. The French interest-rate cut had little effect on the foreign exchange and one Paris dealer said the new French Government was still "groping" with the dilemmas posed by the large inflows of capital.

The five German economic institutes' support for maintaining domestic interest rates, contained in their latest six-monthly assessment of the West German economy, will provide timely support for Chancellor Helmut Kohl and his Finance Minister, Mr Gerhard Stoltenberg, at next month's seven-nation summit in Tokyo. They are expected to come under pressure to follow the recent cuts pushed through by Washington and Tokyo. The institutes, from Hamburg, Berlin, Kiel, Essen and Munich, admit that such a measure - which the Bundesbank went out of its way to avoid last week - might give extra impetus to economic growth, expected to reach 3.5 per cent in 1986. The US in particular would like to see that.

But they argue that German monetary policy is already above target and far more than adequate to finance the anticipated expansion of the real economy. "If this preventive tightening has been criticised by some industrial borrowers as preventing companies from benefiting from lower credit costs, as had been hoped in the wake of the devaluation.

Yesterday's modest cut in the central bank's intervention rate, which sets the tone for interest rates across the money market, seems to have resulted from a tacit understanding between French and West German monetary authorities. The West German central bank last Thursday left its discount and Lombard rates unchanged. In view of large monetary outflows from the Federal Republic, the Bundesbank argued that it was up to the French to make the next move in the latest round of international interest rate cuts.

The Bank of France already cut its intervention rate by 1/2 point with effect from April 15, but it also increased French banks' minimum reserve requirements to try to guard against overshooting of the monetary target. That complementary tightening has been criticised by some industrial borrowers as preventing companies from benefiting from lower credit costs, as had been hoped in the wake of the devaluation.

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Swiss face new call to clean up their banking act

By William Dufforce in Geneva

THE RUMPUS within Swiss banking provoked by the Government's order to freeze the assets of Mr Ferdinand Marcos, the deposed Philippines president, had barely started to die down when last week Mr Pierre Languetin, the president of the Swiss National Bank (SNB), stirred things up again. The banks, he suggested, needed to tighten their checks against dirty money from abroad. The Marcos case had exposed a weakness in the convention of diligence, the gentlemen's agreement with the SNB under which the banks undertake not to assist illegal capital exports from foreign countries and to check carefully the ownership of the funds placed with them. Mr Languetin said: "To make the agreement more watertight it would be desirable to reconsider the role played in this field by people bound by professional secrecy," he told the annual meeting of SNB shareholders.

Mr Languetin's pronouncements are always diplomatically couched and sometimes shadowy but this time his remarks touched the heart of Swiss banking secrecy. Swiss lawyers and members of the Swiss trustees association invoke legally imposed professional secrecy to avoid disclosing their clients' names. The bedrock of Swiss bank secrecy is the Banking Act, which stipulates that any infringement of secrecy is punishable by a prison sentence and/or fine. Complementing that professional secrecy is the banks' agreement with the SNB to police their own deposit-taking and fund-managing activities. The agreement is one of the moral shields for Swiss bank secrecy against charges that the banks offer a haven for criminally derived funds from abroad.

Other shields are the Swiss law on international mutual assistance in criminal matters and treaties, such as that with the US, providing for legal assistance in criminal cases - not tax evasion, it must be emphasised. The SNB has said for some time that it does not want to prolog the gentlemen's agreement with the banks, which is due to expire in September 1987. It has suggested that the obligation to check the sources of funds should be given a sounder legal basis by incorporating it into the Banking Act. The banks oppose that proposal. A matter that perturbs the SNB is that identification of the true owners cannot be guaranteed when

Continued on Page 26

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EUROPEAN NEWS

EEC faces heavy cuts to keep its spending legal

BY QUENTIN PEEL IN LUXEMBOURG

CUTS OF Ecu 500m (£320m) this year and Ecu 1bn (£640m) next year will have to be made in EEC programmes to keep spending within the legal limit on Community revenues, EEC finance ministers were warned yesterday.

Even then, the combined needs of the Common Agriculture Policy and the funds for social and regional spending are set to make a nonsense of the ministers' efforts at imposing budgetary discipline on the European institutions.

The squeeze on programmes, spelled out yesterday by the European Commission, seems certain to open a deep divide

between member states on whether to cut farm spending, or social programmes, or new policies like the promotion of high technology research.

The 12 finance ministers yesterday failed to agree whether the likely overrun in farm spending—estimated at anything from Ecu 1.4bn to more than Ecu 2bn by the Commission and the biggest item in the bill—should be considered "exceptional" or not.

Unless the excess is classified as exceptional, it will violate the rules on budgetary discipline laid down by the ministers last year. Regular spending programmes have already

exhausted the money allocated under that system.

The renewed budget crisis, coming only three months after member states increased their budget contributions from a

1 per cent to a 1.4 per cent VAT ceiling (a theoretical formula based on that percentage in each member state of a common basket of goods and services), is set to come to a head with

the presentation of a supplementary budget by the Commission later this week.

Mr Henning Christophersen, the Budget Commissioner, presented figures yesterday suggesting a spending gap this year of Ecu 88m, even after the supplementary budget. That gap could be reduced to Ecu 500m thanks to underspending of some Ecu 400m in 1985, he said. The same figure for the excess of likely spending over the VAT revenues was more than Ecu 1bn in 1987, he said.

The Commission's supplementary budget will virtually exhaust the VAT ceiling for

the current year, according to Mr Christophersen's figures; it will include Ecu 1.665bn for Community programmes and a further Ecu 75m for budget rebates for the UK, Spain and Portugal.

The farm spending excess, added to only marginally by last week's farm price fixing, was put at just under Ecu 1.4bn—based on an Ecu-dollar exchange rate of 1.10. The Commission admits that the cost would rise a further Ecu 600m if the current Ecu-dollar rate persisted, because of the increased cost of farm export subsidies.

Enthusiasm wanes in Europe for reviving the WEU

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

FOREIGN AND defence ministers from the seven members of the Western European Union meet in Venice this morning amid signs that the revival of their organisation set in train two years ago is fast losing momentum.

Plans to give a new lease of life to the WEU, which involves Britain, France, West Germany, Italy and the Benelux states in treaty arrangements dating from the early 1950s, are being greeted with little enthusiasm by the ministers. The decision to revive WEU as an organ of European security co-operation was taken in 1984.

It was being suggested unofficially yesterday that several proposals designed to give the WEU greater purpose will be shelved at the Venice meeting, which ends tomorrow. In particular, it appears that the ministers are not yet prepared to address the possibility of enlarging it, despite applications by Portugal, Spain, Turkey and Norway to join.

This could bring the ministers into conflict with the WEU's parliamentary assembly which is also meeting in Venice this week and which favours enlargement and a more purposeful image for the WEU as a whole.

Neither are the ministers apparently prepared to give more than a background, informational role to the three WEU agencies which have been reformed and re-staffed in the past year in preparation for a more positive role.

Several delegations to the Venice meeting privately admit their declining enthusiasm for the organisation. Publicly, however, their spokesmen say that it is too early to judge the revival a failure.

There appear to be three principal reasons for the lack of enthusiasm towards the reactivation of the organisation, which was intended to be the vehicle for strengthening European security co-operation within the Atlantic alliance.

Although the revival has always been attended by caution, there was much talk at the Paris and Rome meetings of foreign and defence ministers two years ago of WEU forming Nato's European pillar.

The first problem has been the difficulty of defining what this meant in practical terms, particularly in the light of effective opposition to any such concept from the US, Nato's senior partner. This, in turn, has divided the WEU's members about the advisability of reactivation, reinforcing doubts, in the British Government in particular, about the impact of a strengthened organisation on relations with the US.

The third problem is that a number of governments, led by Britain and the Netherlands, are worried that the newly strengthened agencies of the WEU will duplicate work already being done elsewhere within Nato, or in the case of European armaments collaboration, within the Independent European Programme Group, which by coincidence met at the level of defence ministers yesterday in Madrid.

The ministers' six-point agenda for the two-day meeting includes discussion of East-West relations and European security and arms collaboration. It is not yet clear whether they will discuss the problems of security in the Mediterranean and the persistent terrorist threat there, as Italy has proposed.

Economic package puts Oslo Government in jeopardy

BY FAY GJESTER IN OSLO

A CABINET crisis is looming in Norway over the Government's emergency package of spending cuts and tax increases. Mr Kare Willoch, the Conservative Prime Minister, has warned that his government will resign if the measures are defeated when Parliament votes on them, probably today.

In order to secure a majority, he needs the support of the opposition Labour party and may be forced to increase taxes on share profits in order to obtain it.

That prospect sent share

values on the Oslo Stock Exchange plummeting yesterday. They lost a total Nkr 1.5bn and all 180 leading companies except Norsk Hydro were down from Friday's levels.

The Government's package, announced just before Easter, aims at partly offsetting the expected steep fall in oil and gas revenues this year. It includes an increase in the petrol tax which the coalition's usual parliamentary ally, the small right-wing Progress party, has refused to accept. Labour's backing is thus vital

if a cabinet crisis is to be averted.

Neither Labour nor the Government wants such a crisis now, but the former has insisted that the Government must pay a price for its support. That price is the inclusion of measures designed to put more of the extra tax burden "on the shoulders of those best able to bear it"—to quote Ms Gro Harlem Brundtland, Labour's leader. Her party claims that the rich have become richer, and the poor relatively poorer under the coalition's five-year rule.

Bargaining about changes in the package to make it more acceptable to Labour started last week and continued through the weekend. Labour initially sought an emergency surtax on high incomes, to be effective for 1986 only and to be levied on gross income. This Mr Willoch could not concede and offered to increase the tax on profits from short-term share trading from 30 to 40 per cent, and to extend from two years to three the period an investor must hold shares in order to avoid the tax.

Since Oslo share values have been moving down ever since November and few people are currently making any profits from share trading, the change would not yield much extra revenue, nor would it have the "soak the rich" effect desired by Labour. Late yesterday afternoon its parliamentary group was still considering whether to accept.

Mr Kare Willoch (right): threatened resignation if package defeated



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Allies seek to pool work on new military aircraft

BY DAVID WHITE IN MADRID

DEFENCE MINISTERS of the European members of Nato agreed yesterday to set up a French-motivated study aimed at pooling efforts on military aircraft projects.

However, the original French proposal of a special new body to co-ordinate plans in this field was dropped by general agreement among the 13 countries represented, including Mr Andre Girard, the new French Defence Minister.

Instead the work is to be undertaken within the existing structure of Nato's Independent European Programme Group (IEPG).

Mr George Younger, the British Defence Minister, said it was hoped that some research and overhead costs on the four-nation European Fighter Aircraft and on France's Rafale fighter project could be shared.

He said it had been made clear at the IEPG meeting—the third to be held at ministerial level—that France was not prepared to re-enter the European project alongside the UK, West Germany, Italy and Spain. There ought to be scope for joint work, however, on concepts, materials and technology, he added.

The study is to identify possible areas of co-operation in defining requirements, developing equipment, harmonising standards, and joint testing. National armaments directors are also to be instructed to consider other key areas where the same approach might be applied.

The ministers agreed to press ahead with co-operation in other fields, including the follow-up to February's London conference of research and development heads. Another conference is due to be held in France next spring.

They also called for further work on a joint command, control and communications network. A firm decision on a European Data Distribution System is due to be made at their next meeting in early 1987. In the interim, the group is to meet at state secretary level in Madrid in the autumn.

Mr Younger said that the opinion of the US and Canada on this project would be sounded out before a decision

Waldheim's election rival attacks Kohl intervention

BY PATRICK BLUM IN VIENNA

DR KURT STEYRER, the Socialist candidate in Austria's presidential election on Sunday, has sharply criticised Mr Helmut Kohl, the West German Chancellor, for interfering in his country's affairs.

At the weekend Mr Kohl said at a rally of the conservative People's Party, which supports Dr Kurt Waldheim for the presidency, that he was shocked by the allegations against Dr Waldheim. He described the latter as "an old personal friend" and "a great patriot, adding that he would know how to vote if he was an Austrian.

Dr Steyrer said yesterday: "I think that at this sensitive stage in the campaign it was not very tactful for Mr Kohl to interfere in Austria's internal affairs." Mr Kohl's predecessor as Chancellor had shown "more tact and greater sensitivity."

He said that any attempts by West German politicians to interfere in Austria's affairs contravened the conditions of Austria's state treaty signed in 1955. This guaranteed its independence after 10 years of occupation by British, French, US and Soviet troops in the aftermath of the Second World War.

Dr Waldheim has been at the centre of an international row following allegations, which he has always denied, that he was implicated in Nazi atrocities in the Balkans during the war.

Dr Steyrer predicted that the election would be very close, saying that Dr Waldheim had only a 2 per cent lead. An independent poll published yesterday, however, shows Dr Waldheim with a 7 per cent lead, enough to give him a chance of winning the necessary absolute majority on Sunday. Failing that, a second round will have to take place early in June.

FAO plea on food surpluses

A SENIOR United Nations official suggested yesterday that funds now used for supporting farm surpluses in Europe be channelled toward development in African countries. AP reports from Istanbul.

Mr Edouard Saouma, director-general of the Rome-based UN Food and Agriculture Organisation, told delegates from 29 countries that "the crisis in the north could provide a real opportunity to get to grips with the problem of hunger in the south."

Mr Saouma said Third World exports are sold at unstable and unprofitable prices, and face rising protectionist barriers in Europe.

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مكتبة الامم المتحدة

EUROPEAN NEWS

Greek central bank chief urges easier work and price rules

By Andriana Ierodiakonou in Athens

THE GOVERNOR of the Bank of Greece, Mr Dimitris Chalkias, yesterday called for a sweeping liberalisation of labour, wage, price, banking and taxation rules to supplement and consolidate the economic stabilisation measures introduced by the Government last October. These were intended to bring down inflation and reduce external and domestic deficits. He delivered his call in the Bank's annual report on the economy, which is traditionally used to tell the Government unpalatable economic truths. The report for 1985 urges the abolition of restrictions on layoffs, of price and credit controls and of profit ceilings. It criticises the system linking wages to inflation introduced by the State in 1981 and links wages should be linked to productivity. Arguments are also advanced against the continued bank financing of the several dozen ailing companies which have been taken over by the state to preserve jobs. It recommends radical tax reforms, partly to eliminate disincentives to investment and work. The Bank notes that the economy has started to show gradual signs of responding to the tight monetary and fiscal measures. They included a 15 per cent devaluation of the drachma, a tight wage policy

Alleged Eta leader questioned in France

By Tom Burns in Madrid

THE ALLEGED leader of the Basque separatist organisation Eta, Mr Domingo Iurbe Abasolo, was being interrogated yesterday at the French border town of Hendaye after being detained on Sunday by French police. Mr Jose Barrionuevo, Spain's Interior Minister, is understood to have requested the detention when he met his French counterpart, Mr Charles Fasqua, at an EEC anti-terrorism meeting last week. Considered by Spanish police to be Eta's chief of operations, Mr Iurbe Abasolo (42) is one of the last remaining "historic" members of the organisation. A one-time metalworker who fled Spain in 1968, he is suspected of having taken part in the 1972 assassination of Admiral Luis Carrero Blanco, the Spanish Prime Minister. The Spanish police allege that he presides over Eta's six-member high command and was responsible for ordering a car bomb explosion in Madrid on Friday which killed five members of the Guardia Civil security corps. Co-operation between France and Spain over Eta began in earnest two years ago when the French Government began to deport Eta members to far flung corners of the world including Ecuador, the Dominican Republic, the Cape Verde islands and Togo. Among the more than 30 deportees is Mr Iurbe Abasolo's former second-in-command, Mr Eugenio Etxeveste. Continuing the crackdown, a court in Bayona last month sentenced Mr Etxeveste's replacement, Mr Juan Maria Lasa Mitxelena, to five years' jail in what was by far the stiffest term so far imposed on a Basque separatist in France. An Interior Ministry spokesman here said yesterday that the Spanish authorities would wait and see the results of the initial interrogation in Hendaye before deciding whether to seek Mr Iurbe Abasolo's extradition. He is likely to face initial charges in France arising from his disappearance from Tours where he had been confined in 1984 because of his Eta links. For more than a year he is believed to have been living secretly in south-west France.

Foreign correspondents in Moscow branded as spies

By Patrick Cockburn in Moscow

THE SOVIET UNION yesterday put on show Mr Oleg Tomanov, formerly head of the Russian Service of Radio Liberty, the US-backed radio station aimed at the Soviet Union and Eastern Europe. He has defected to Moscow 20 years after he escaped to the West. Mr Tomanov, the latest in a string of Soviet defectors who have given news confer-

ences on returning to the Soviet Union, claimed that at Radio Liberty and Radio Free Europe, "propaganda activity is only the tip of the iceberg" and both organisations were used for espionage. He accused the radio station of recruiting Soviet citizens as spies and he alleged that foreign correspondents in Moscow of being in touch with the Munich-based radio station. This attack appears to be part of a concerted campaign by the authorities against US correspondents in Moscow. The Soviet press spokesman denied yesterday that any foreign correspondent in Moscow would be victimised by the authorities for holding opinions hostile to Soviet policy. Mr Tomanov originally came to the West in 1965 when he jumped from a Soviet ship in the Mediterranean and soon after joined Radio Liberty of which he finally became the third rating head. He ascribed his "original defection to a wish 'to take my future in my own hands and perhaps in a certain egotism on my part'."

He would not say why he had decided to defect, although he claimed his 20 years in the West were a nightmare. Despite Mr Tomanov's claim that the radio stations are a centre of espionage against the Soviet Union, he was unable to produce much evidence that they are involved in anything more than propaganda.

David Marsh on the problems besetting the US-directed project Space station flies into turbulence

US, EUROPEAN and Japanese governments and aerospace companies, moving out slowly towards President Ronald Reagan's cosmic goal of building a manned space station by 1994, are trying to navigate round an expanding cluster of problems.

Nasa is seeking competitive proposals from US companies from October onwards for full scale development work to start in May 1987. Esa governments will not decide until next spring on joining in full-scale development, depending on conditions still to be negotiated with the US. Mr Robert Freitas, responsible for policy and planning at the Nasa space station office,

for the fiscal 1987 year. This is planned to rise to \$1bn in 1988, compared with about \$385m being spent this year. But he admits the effect on space station financing of the Gramm-Rudman-Hollings Budget Deficit Reduction Act is impossible to predict. Furthermore, the Challenger disaster poses a dual problem. Early space station plans envisaged a fleet of up to six

European space station. French space planners believe this could be built by 2005—although harder-headed British space officials believe the earliest construction date would be 2015.

Esa and Japan are laying down that their planned Ariane 5 and HII launchers be used along with shuttles to lift components to the space station. This adds to the complex problems of assuring standardisation between the different parts of the structure. Growing space rivalries between the US, Europe and Japan also threaten discord. The rapid advance in space expertise in Europe, in addition to budget pressures in the US, should give Europe greater bargaining power in space station negotiations.

In the last big collaborative project, the orbiting space laboratory Spacelab, lopsided accords gave the US considerable technical and economic advantages. European officials vow this should not happen again. The most controversial question, however, surrounds technology transfer. Esa officials criticise the Spacelab programme arrangements under which Europe passed valuable technology in areas like computers to the US without compensation.

Additionally, the Europeans had little control over the process of deciding whether US or European technology should be chosen for Spacelab tasks. Esa official at the conference said that if the US had made use properly of European technology and systems in certain areas, the Challenger and Titan accidents might have been avoided.

European space officials think recent setbacks could postpone the start of the station's operation for perhaps two or three years

told a recent space conference in Venice that studies were going ahead. But budgetary cuts would force the manned structure, planned to be assembled in space by January 1994, to have slightly less laboratory space than originally planned.

Mr Freitas compared progress on the space station favourably with work on the early stages of the other two big US space programmes of the past 25 years—the Apollo and Space Shuttle projects. "It's amazing that we've come this far without any fundamental slips," he says.

Officials from Esa and from CNES, the French national space agency, believe Nasa is over-optimistic. Recent setbacks could postpone the operating space station start for perhaps two to three years beyond 1994, they say. Mr Freitas says he has "great hopes" Congress will grant Nasa the \$140m it is asking for space station development

IEA presses for Irish energy saving policy

By Paul Betts in Paris

THE International Energy Agency (IEA) has urged Ireland to adopt a comprehensive energy conservation policy particularly in the industrial sector at the same time as continuing its efforts to boost oil and gas exploration. The Paris-based agency says in a report published yesterday that the conservation remains the weakest point of Irish energy policy. It notes that while Ireland has succeeded in reducing its dependence on imported oil in recent years by developing natural gas use and increasing coal imports, net oil

imports are in the longer term expected to increase again. Net oil imports are currently forecast to rise from 4.23m tonnes of oil equivalent (mtoe) in 1984 to 5.7 mtoe a year by the end of the century. Coal imports are also expected to rise significantly from 1 mtoe in 1984 to 2.74 mtoe in the year 2000. During the same period, indigenous production of solid fuels, mainly peat, and natural gas are both expected to fall at an annual rate of 0.9 per cent and 1.8 per cent respectively.

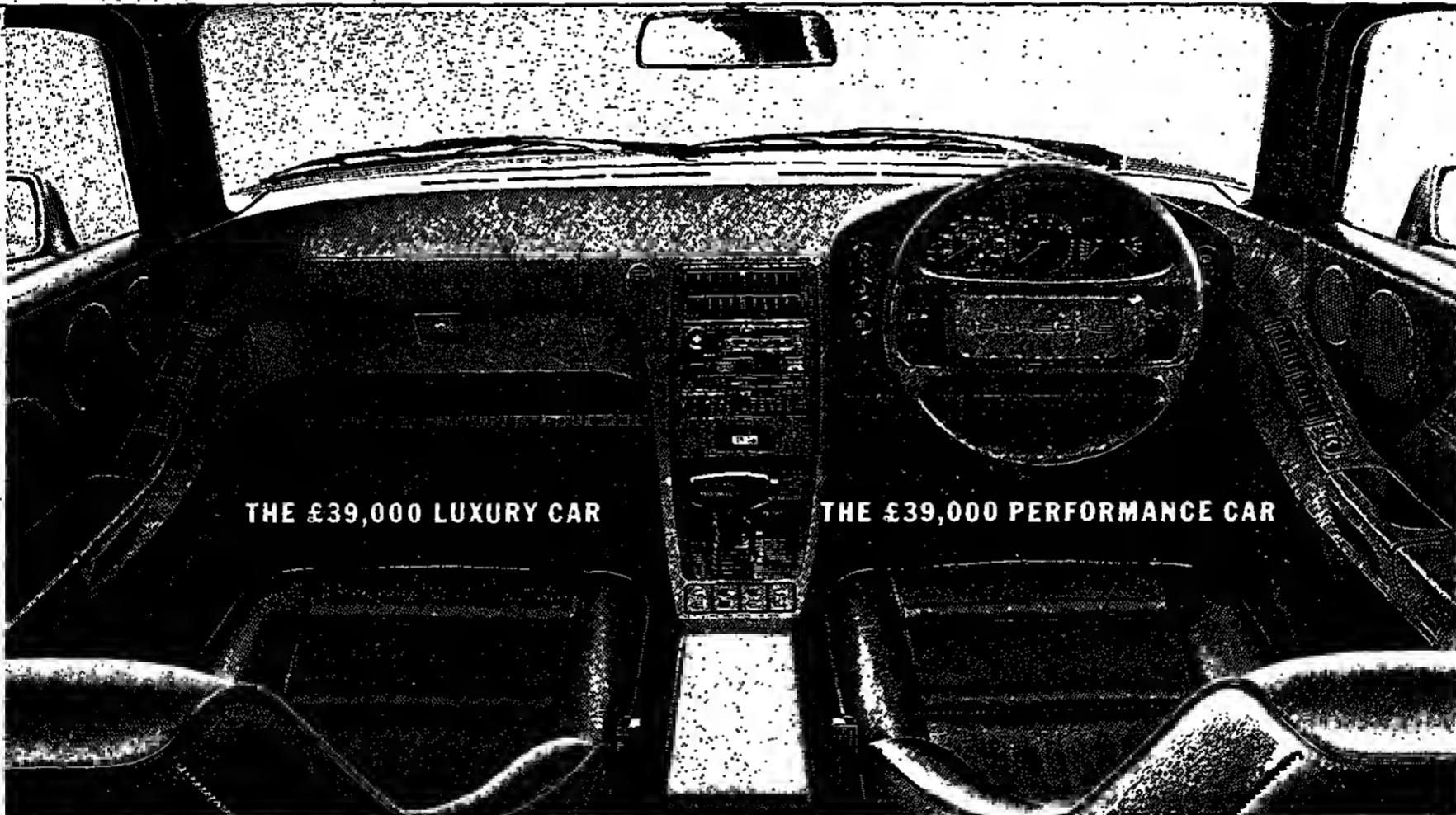
Report on Karmal discounted

By Our Moscow Correspondent

WESTERN DIPLOMATS here say there is no sign that the Soviet Union wants Mr Bahrak Karmal, the Afghan leader, removed from power although they do not rule out the possibility that he is seriously ill. Mr Karmal's failure to appear at the parade in Kabul celebrating the eighth anniversary of the Afghan revolution fuelled speculation over the weekend about his imminent replacement. Mr Karmal arrived in Moscow on March 30, probably for medical treatment, and Soviet officials have implied that he is still here.

"The Soviets have nothing to gain through introducing a note of uncertainty over the future of Karmal immediately before the indirect talks sponsored by the UN resume with Pakistan in Geneva on May 5," said a diplomat here yesterday. Soviet press reports have emphasised that the Afghan Government needs to broaden its political base to include traditional tribal and religious leaders. This is in keeping with the overall Soviet strategy in Afghanistan—where it has some 115,000 troops—of holding the line militarily while increasing the political support for the Government in Kabul.

The replacement of Mr Karmal by Mr Sultan Ali Khabibzad, the Prime Minister, or Mr Nisibullah, the chief of security, would be a blow to other US or European technology should be chosen for Spacelab tasks. Esa official at the conference said that if the US had made use properly of European technology and systems in certain areas, the Challenger and Titan accidents might have been avoided.



THE £39,000 LUXURY CAR

THE £39,000 PERFORMANCE CAR

There are two sides to every argument for the Porsche 928S Series 2.

On the one hand, here is a luxury car of quite exceptional refinement. A car that's built by hand to Porsche's specifications, then tailored to yours.

Front seats, for example, are electrically powered for height, reach and back adjustment. If you wish, they can be hide-upholstered in the colour of your choice.

To produce the perfect driving position, the steering column and instrument binnacle also adjust, in unison.

There is an ingenious climate control, with an electronic 'weather eye' that monitors outdoor conditions. The slightest change, and air flow alters automatically to maintain your pre-set cockpit temperature. Even the glovebox is air-conditioned.

While for a total change of atmosphere, you only have to turn to the 928's computerised sound system. Fittingly, the ultimate in music for the ultimate in movement.

Steering is power-assisted and speed sensitive.

Headlamps can be hydraulically adjusted from inside the car. Wing mirrors not only demist but can be re-positioned at the touch of a button.

There is a cruise control to take the footwork (and the hard work) out of long distance driving.

A fourteen-function safety warning system monitors everything from brake pad wear to tail lamp operation.

There's central locking. Including an anti-intruder button that allows you to secure all doors even when the car is in motion.

And should you think that Porsche proportions are totally impractical, some final words of comfort.

Leg room to the front is more than generous; luggage room to the back verges on the cavernous.

Fold the rear seats and you have more stowage space than a luxury saloon.

On the performance side, the 928S Series 2 is astonishingly flexible. Smooth and imperturbable around town. Fast (never furious) on the open road.

With 4-speed automatic transmission, the 928 produces rather impressive Factory Test figures. 0-62.5mph (0-100km/h) in 6.7 seconds. Top speed: 156mph. The 5-speed manual is marginally swifter.

And as quickly as it starts, the 928 stops. It has one of the safest braking systems yet devised.

Second generation ABS cadence braking (allied to four piston, fixed caliper ventilated disc brakes) means that the 928 driver can stop rapidly and steer at the same time.

Handling is superbly controlled too, of course.

Thanks firstly to the Transaxle drive-line (engine fore, gearbox aft) which provides near-perfect weight distribution.

And secondly, to the Porsche-patented Weissach rear axle. An innovation which counteracts a car's natural tendency to break away on tight corners.

Fuel performance? Respectably economical to quote 'Motor' 9 2 8 SERIES

And the 928 brings other rewards. A 2-year mechanical warranty. The Porsche Longlife 10-year anti-corrosion warranty that's routine maintenance free. 12,000 mile service intervals.

But, above all, pleasure: the sheer ease of driving a car that sets new standards in luxury performance technology.

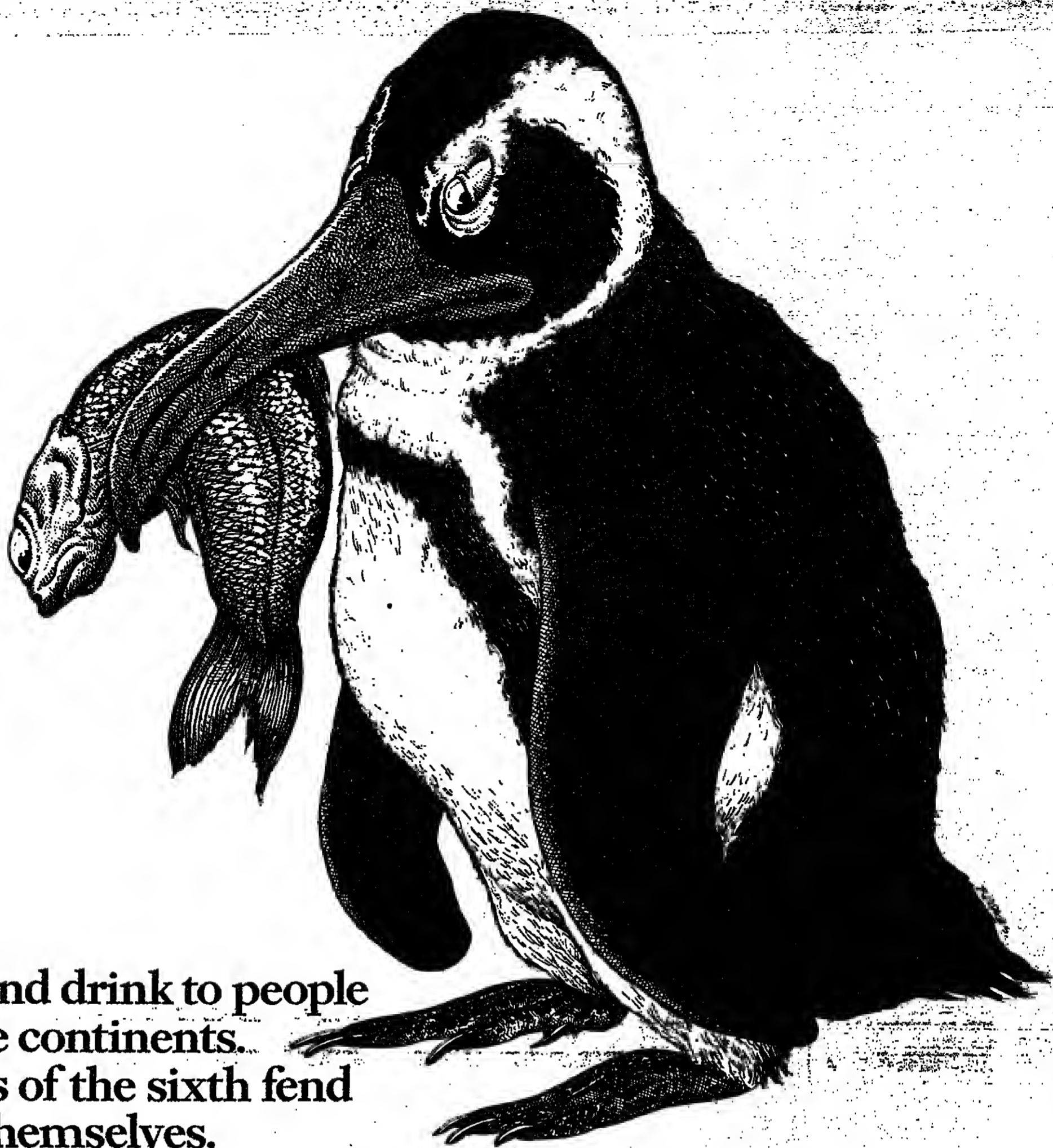
As Car Magazine concluded, and the motoring press have universally acknowledged, 'this is one of the very best cars in the world.' And who are we to disagree?

For a personal introduction to your nearest Official Porsche Centre and a comprehensive brochure on the Marque, simply send your business card to our Customer Relations Department.

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IT CAN ONLY BE ONE CAR.

PORSCHE CARS GREAT BRITAIN LIMITED, BATH ROAD, CALCOT, READING RG3 1SE. TELEPHONE 0734 30666. 928S SERIES 2 7AL TONNAGE DOE TEST L/R BAS: 16.9MPG 16.7L/100KM. 56MPH: 32.9MPG 3.6L/100KM. 71MPH: 26.9MPG 30.1L/100KM. 928S SERIES 2 PRICES START AT £19,999. SOURCE: MANUFACTURER'S FIGURES. MOTOR DECEMBER 1984 CAR OCTOBER 1984 PRICES CORRECT AT TIME OF GOING TO PRESS. EXCLUDES NUMBER PLATE.



**We're food and drink to people
of five continents.
Inhabitants of the sixth fend
for themselves.**

Primitive though they are, most of the population of Antarctica know exactly where their last meal came from.

Which is something that can't be said of the people of the more advanced countries of the world.

In the States they think Baskin-Robbins, one of the world's biggest ice cream chains, is as American as Apple Pie. Which is hardly surprising as it's run entirely by Americans.

But it's owned by Allied-Lyons. A British company.

Clogs, windmills, tulips, advocaat, what could be more Dutch?

The advocaat. Warninks, Holland's biggest producer of advocaat is British owned and it's part of Allied-Lyons.

All over the world people have got into the habit of drinking sherry before, during or after a meal. Hardly the thing to do, eh what?

But we don't mind. The chances are they're drinking Harveys, the world's biggest selling sherry, once again from Allied-Lyons.

It's much the same with port.

In over 50 countries they don't know, or care, which way to pass the port. But they do know which port to pass. It's Cockburn's.

We could go on.

Allied-Lyons have over 200 brands, many of which are household names in countries the world over. But we're not just sitting back counting the profits, considerable though they are.

During 1985 we invested massively in the business and launched well over one hundred new products worldwide.

Last year we made record pre-tax profits of £219 million and achieved £945 million worth of business overseas, without any help from our flippered friends down there in Antarctica.

Allied-Lyons
GOING ON GROWING

OVERSEAS NEWS

Gandhi expels senior critic from party

By JOHN ELLIOTT IN NEW DELHI

MR RAJIV GANDHI, the Indian Prime Minister, appeared last night to have won his first round of a battle with critics inside his Congress party after he expelled Mr...

S. Africa bars union men from funeral

By Anthony Robinson in Johannesburg

VISITING FOREIGN trade union officials were among people prevented by police from attending the funeral of a slain black union official in the Tembisa township east of Johannesburg yesterday.

As President Reagan flies to Bali, Alain Cass considers the prospects for his host Why Suharto's control is vital to region

PRESIDENT Ronald Reagan flies to the island of Bali today, a sanitised holiday enclave which is all that most foreigners see of Indonesia.



Mr Suharto: firm grip

His two-day stop-over en route to the summit of industrialised nations in Tokyo is described, a little disingenuously, as the President's first visit to Indonesia. That would be like equating a visit to Goa with one to India or a trip to Puerto Rico with a stay in the US.

Mr Reagan will meet President Suharto of Indonesia and his senior advisers as well as foreign ministers of the six-nation Association of Southeast Asian Nations (Asean) to review the balance of power in this pivotal area of the world where the US sees its traditional pre-eminence challenged by the Soviet Union.

The recent appeal in the Philippines has, if anything, heightened US concern over the growing Soviet presence in Vietnam and the eventual fate of the American military installations at Clark Field and Subic Bay north of Manila.

Mr Reagan, fresh from his expedition against Libya, will visit the rest of this sprawling archipelago, which end to end is as wide as the US, before understanding why Indonesia, with 165m people,

Insurgents fighting Indonesian rule in the former Portuguese colony of East Timor have produced documents, including what they claim is a captured military map, purporting to show a level of guerrilla activity that contradicts Indonesian accounts of reducing the resistance movement to a few demoralised bands, AP reports from Lisbon. The Revolutionary Front for an Independent East Timor has fought a guerrilla campaign since Indonesia invaded in 1975 following the breakdown of Portuguese colonial rule.

is, at the same time, enormously powerful and intensely vulnerable.

After a period of rapid economic growth, Indonesia has seen the military and their dependants—and a growing middle class have benefited from the oil boom and now form part of an unbreakable web of support for the regime.

Indonesia has gone from being the world's biggest importer of rice to self-sufficiency in five years. It has slashed its population growth and is laying the foundations of an industrial society. Regionally, the country has emerged as an important diplomatic power after its early period of hegemony under President Sukarno and its more recent isolation.

But there are many reasons why Indonesia remains vulnerable, and President Suharto feels the need to retain a firm grip at home and avoid confrontation abroad.

The most serious problem is the recent fall in oil price which has had a dramatic effect on the country's spending power. Nearly 70 per cent of Indonesia's foreign exchange comes from oil and gas, and for the past three years the Government has introduced successively harsher austerity measures as the price has fallen further than even the pessimists predicted.

For every dollar drop in the oil price Government receipts fall by more than \$300m. This year, the state budget was cut for the first time in 17 years. With 1.5m new job-seekers coming on the market each year, a depressed industrial sector and millions still living at subsistence level the regime cannot afford a prolonged economic recession.

President Suharto must also watch his political front. His position is unassailable, and he seems set to stay in power for another term after his present one ends in 1988. The Government party, Golkar, is almost embarrassingly successful as the army and the bureaucracy close ranks to support it.

However, dissent is increasing and the Government feels the need to deal with it harshly. Press freedom is steadily being choked while nonconformist political movements are firmly discouraged.

Potentially the most serious long-term threat is from Moslem fundamentalists. Although still insignificant, surprising for the world's biggest Islamic state, Moslem opposition to the relatively permissive nature of Indonesian society and the rampant corruption in government is growing and could upset what has, so far, proved a model of growth and stability in the developing world.

60 YEARS OF EMPEROR HIROHITO Japan marks longest reign in its history

By JUREK MARTIN IN TOKYO

WITH A mixture of genuine respect, mild indifference and some controversy, Japan today commemorates the 60th year of the reign of Emperor Hirohito, the longest imperial rule in Japanese history, either recorded or mythological.



Emperor Hirohito

The principal event will be a government-sponsored ceremony in Tokyo's sumo wrestling stadium, the Kokugikan. The Emperor is a connoisseur of Japan's traditional sport, which he views in person at the regular Tokyo tournaments a year on the imperial box.

Today is, in fact, not the anniversary of his accession but his birthday—his 85th—and is national holiday in any case, the first in the three within a 10-day span that make up Olden Week when the nation takes a collective breath from its accustomed industry.

Japan is not gripped by any mood of national fervour or celebration, such as has marked stable anniversaries, royal or otherwise, elsewhere in the world. Special gold coins are being minted and commemorative stamps put on sale at post offices, but it is far from clear even those are going to be in great demand.

The main explanation for this is that the Emperor is a constitutional monarch, now seen by most Japanese, excluding the far left and right, as simply a part of the national landscape. He certainly commands none of the awe and veneration that is associated with his god-like status before his dramatic radio announcement on August 15, 1945, that the war had developed "not necessarily to our advantage."

A succession of recent polls as shown that well over 80 per cent of the population are perfectly content with the Emperor as the symbol of the state. But they have also found that at least half those surveyed have a personal feeling about Hirohito himself at all. Popular attention, certainly in

the Press, is now mostly focused on who his grandson—the 29-year-old Hiro—might marry, much as it was in 1959 on the wedding of his heir Crown Prince Akihito to the commoner, Miss Michiko Shoda. There has been speculation in the Japanese popular Press that the Emperor could use the occasion of his anniversary today to abdicate in favour of the Crown Prince but this was resoundingly rejected by the Imperial Household Agency. Some controversy does centre on the timing of the celebrations. The Emperor actually inherited the throne on Christmas Day, 1926, on the death of his father, the Emperor Taisho, and was formally invested on November 10, 1926. His 50th anniversary was indeed celebrated on November 10, 1976. Critics of Mr Yasuhiro Nakasone have charged that in choosing the Emperor's birthday for the commemoration the Prime Minister was trying to influence public opinion for electoral purposes. It is said that the combination of the imperial celebrations, the economic summit next week and the visit of Prince Charles and the Princess of Wales from May 8 onwards would put the nation in the sort of good mood which Mr Nakasone could capitalise if he chooses to call a general election in June.

Israeli foreign debt falls

By LYNNE RICHARDSON IN TEL AVIV

ISRAEL'S net foreign debt dropped by \$600m to \$19.5bn at the end of 1985 putting an end to the consistent upward spiral that started with the 1978 oil crisis.

The country's foreign debt had been around \$20bn up to 1982 before oil prices rocketed. Since then, Israel's economy has suffered from hyperinflation and the cost of two wars, as well as drain on reserves because of unsuccessful fiscal policies. However, since the austerity programme initiated by the

National Unity Government headed by Mr Shimon Peres, the economy has stabilised, the latest report from the Central Bureau of Statistics shows.

According to the report, a number of factors contributed to the drop in foreign debt last year. There was a 51 per cent increase in transfer payments to Israel from abroad and an improvement in the balance of payments of some \$900m. The export of goods was up by 7 per cent and total imports dropped by 4 per cent.

S. Korean students burnt

By STEVEN B. BUTLER IN SEOUL

TWO South Korean students yesterday lay in critical condition in a Seoul hospital after being hit by petrol during an anti-government demonstration near Seoul National University.

The students joined in a protest against compulsory military training for students. They were hit from the roof of a three-storey building that they would

burn themselves unless police halted their advance against demonstrators. One of the students leapt from the roof in flames as police attempted to grab him.

Police reported the arrest of 123 students who were said to be preparing to occupy the university library. Police also said they confiscated petrol, bombs, banners, clubs, and piles of anti-government literature.

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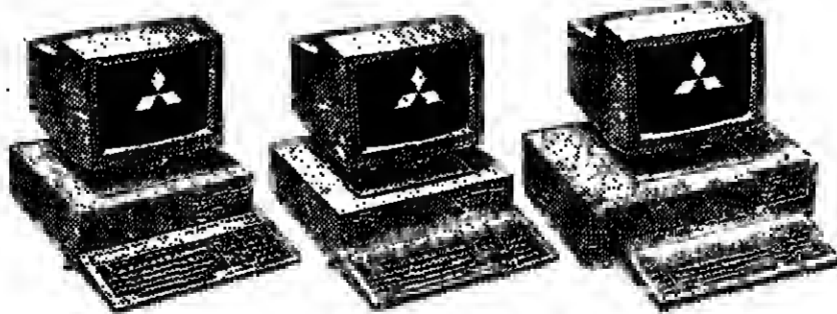
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AMERICAN NEWS

\$1.2bn scheme to rebuild Madison Square Garden

By Paul Taylor in New York

MADISON Square Garden, the midtown Manhattan arena which has played host to such political legends as Franklin D. Roosevelt and John F. Kennedy...

US tobacco companies suffer court setback

By Terry Dodsworth in New York

THE long-running US court battle over the health hazards of smoking took a new turn yesterday when a judge in Boston, Massachusetts, ruled that the warnings on cigarette packets do not protect tobacco companies from product liability lawsuits.

UN holds on by thin financial thread

BY OUR UNITED NATIONS CORRESPONDENT

THE VIABILITY and integrity of the United Nations are under threat by the worst financial crisis ever to hit the organisation.

Table with 3 columns: Country, 1986 total \$330m, % of total. Includes Britain, France, Italy, Japan, Soviet Union, US, W. Germany.

It arises principally, though not exclusively, from disregard for obligations flowing from the charter and from lack of agreement among member states on the purposes for which the United Nations should be used...

Influential body of opinion in the US that believes the 25 per cent or \$20.27m - it used to be 2 per cent - is too high and should be reduced to 20 per cent.

Total arrears at March 31 were \$742.87m (£470m), \$176.55m of which were contributions outstanding for prior years.

The current negative mood among many Americans was not improved by debates in the Security Council this month, when speaker after speaker denounced the military action against Libya.

Eighteen member states, including the US and the Soviet Union - which between them contribute 37 per cent of the total UN annual budget of \$530m - have withheld part of their contributions because they disapprove of the use made of the funds.

According to the Secretary-General's report, only 14 countries were fully paid up by March 31. Those in arrears included the following major contributors: Britain \$28.5m, China \$7.38m, France \$2.85m, Italy \$26.54m, Japan \$56.54m, Spain \$14.21m, South Africa \$27.56m, Soviet Union \$129.7m, US \$263.5m, and West Germany \$28.57m.

Laxalt may seek presidential nomination

By Stewart Fleming in Washington

SENATOR Paul Laxalt, a Nevada Republican who is a close political friend and ally of President Ronald Reagan, has hinted that he would like to join the long list of contenders for the Republican Party's presidential nomination in 1988.

In an interview in Time magazine, Senator Laxalt (63), who is retiring from the Senate this year, is quoted as saying that if the Republican Party has a viable candidate he will back him but "if not I'll look at the situation very carefully."

Senator Laxalt rejected the idea that he was already a candidate. But when asked if his postcards could be described accurately as "passive availability," he said that that was "a very good description."

Speculation about possible presidential ambitions by Senator Laxalt has long been rife in Washington. Mr. George Will, the influential Washington Post political columnist, earlier this month described him as not just "waiting in the wings but actually pacing restlessly and pawing the dust."

Many conservative Republicans would see the right-wing Senator, who President Reagan last year sent as his personal envoy to the President of the Philippines, as the most effective candidate to ensure that President Reagan's political philosophy lives on when Mr. Reagan leaves the Oval Office.

Were he to declare his candidacy, he could weaken in particular Vice President George Bush's prospects. Senator Laxalt, however, is not without his political liabilities. His political base is Nevada, a thinly populated state. Another potential problem is the libel suit he is fighting against allegations that he organised a casino in Nevada in which Mr. Laxalt had the larger share.

Dominican ruling party candidate tipped to win poll

By Canute James in Kingston

MR JACOBO MAJLUTA, the candidate of the incumbent Partido Revolucionario Dominicano (PRD), is being favoured to win next month's presidential election in the Dominican Republic, according to public opinion polls commissioned and published by the newspaper El Nacional and Hoy.

Caribbean economies set to grow next year

By Canute James

THE troubled economies of the Commonwealth Caribbean, which have been adversely affected by low demand and weak prices for their major commodity exports, are unlikely to show any meaningful improvement this year, according to the Caribbean Development Bank in a report on the region's economic prospects.

Productivity rises 3.4% in first quarter

Productivity in the US non-farm business sector rose at a seasonally adjusted annual rate of 3.4 per cent in the first quarter of the year, according to the Labor Department, Reuter reports from Washington.

Caribbean economies set to grow next year

By Canute James

Britain, Canada and France. Its resources, hard and soft, total over \$733m. The CDB said its forecast for more significant growth in the Caribbean next year was based on indications that economic adjustment programmes implemented by some of its members "... will take time before bearing fruit."

Caribbean economies set to grow next year

By Canute James

region has a comparative advantage," the CDB said. It listed the sectors for possible growth as tourism, non-traditional agriculture and other service industries.

Caribbean economies set to grow next year

By Canute James

value of the Trinidad and Tobago dollar fell from 42 US cents to 29 US cents. Reviewing the major economic sectors, the bank reported that sugar output in the English-speaking group increased 5.7 per cent over 1984, to reach 72,896 tonnes. Production increased substantially in Jamaica, St. Kitts-Nevis, and Trinidad and Tobago, and declined in Barbados and Belize.

Paul Taylor continues his series with a look at NCR's strategy for growth

Striving to break out of the 'Bunch'

NCR, the 101-year-old grandfather of the cash register business, is behaving more like a sprightly teenager in the computer industry than the staid, near-insolvent mid-Western group that it once was. By popular Wall Street acclaim, NCR, with its solid balance sheet, a growing cash mountain and enviable earnings record, is the head of the "Bunch" - the acronym describing the non-IBM US mainframe makers.

The group has adopted a strikingly different strategy from most of its US mainframe manufacturing rivals, one which, among other things, emphasises "embracing industry standards where they exist and creating new ones where they don't," and offering a full line of products - from personal computers up to mainframes - built around standard chips and its proprietary metal oxide semiconductor (MOS) technology microprocessors.

NCR. "We get classified as a Bunch company mostly for convenience," he says. Last year only 10 per cent of the group's \$2.41bn in equipment and software sales - which in turn represented just over half its total revenues - came from mainframe machines.

IN THE SHADOW OF IBM. The group also realised at an early stage that it had to learn to live with IBM and needed to provide equipment that could communicate with IBM machines. In 1979 NCR joined Comten, IBM's main rival in communications processors, the data communications "traffic" directors that stand between mainframes and the rest of the world.

The Shareholders in Sandvik Aktiebolag are hereby invited to attend the Company's Annual General Meeting, to be held at 2 p.m. on Thursday 15 May 1986 at Folkets Hus in Sandviken, Sweden

Shareholder meeting notice for Sandvik Aktiebolag. Includes sections for NOTIFICATION, AGENDA, DIVIDEND, and SANDVIK logo.

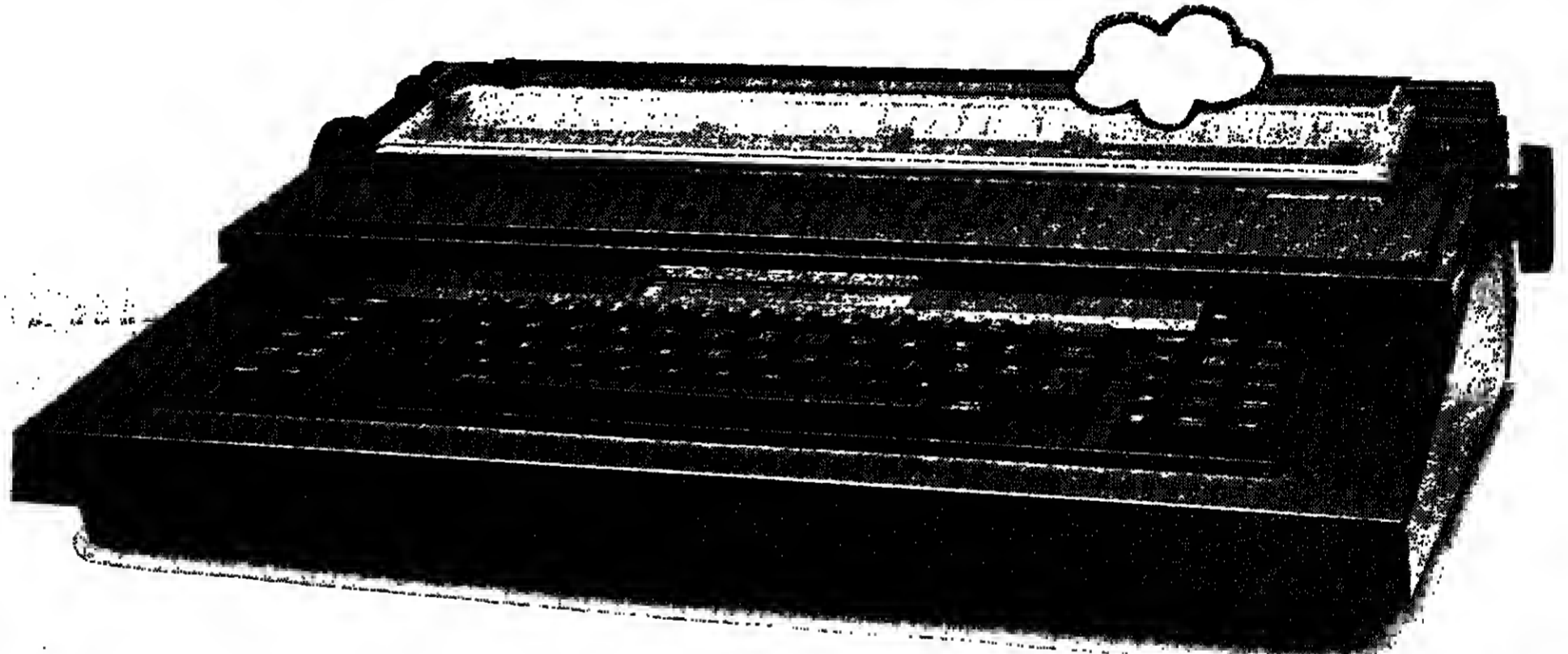
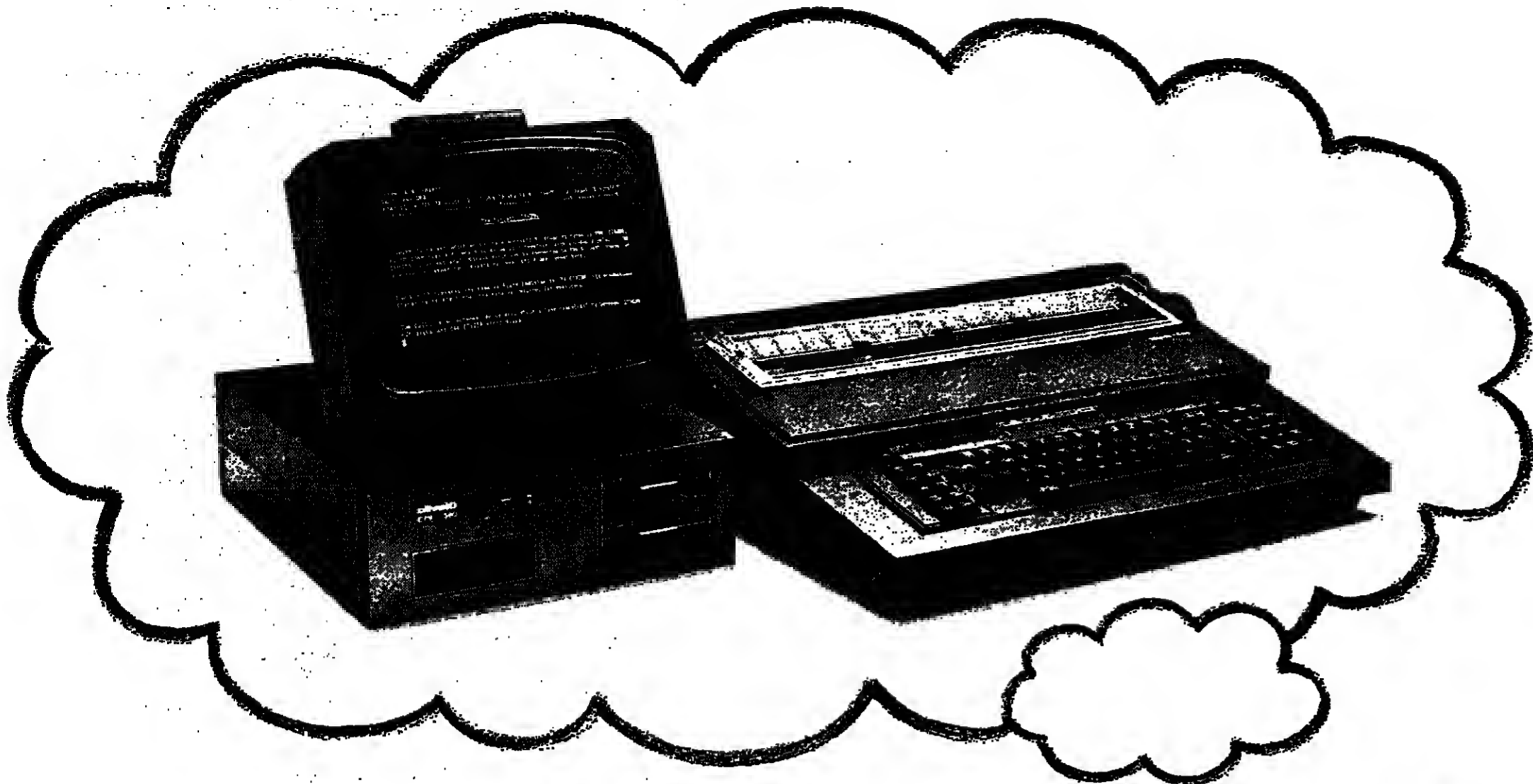
NCR - THE KEY FIGURES

Table with 7 columns: Year (1986-1981), Revenue (\$M), Net Profit (\$M). Includes a note: * Included a \$30.6m non-recurring tax credit.

up together to provide mainframe power at lower cost, NCR promises further, even more powerful additions to the range. "The 9800 provides a clear indication of NCR's future direction in mainframe computer development," Mr. Exley says. "We are using our technology base in semi-conductors, systems architecture and software to move beyond the cost, performance and design constraints of present computers."



future of the data processing industry lies not so much in giant mainframes as though NCR accepts such machines have a role where centralised databases are a necessity and admits it would like a bigger share of that market, too - hint in expandable microprocessor-based systems which are able to offer mainframe power at much lower costs. "The challenge," says Mr. Exley, "was to find a way to bridge the big economic gulf between the cost of mainframes and the cost of personal computers."



“When I grow up, I’m going to be a Videotypewriter.”

It is always hoped that a company's ambition for growth will be shared by its employees.

But by its typewriters? Aren't we getting a bit carried away?

We don't think so. When you look at the way we've designed our range, you'll see it's a far cry from the buy-now-pay-dearly-later variety.

It's so carefully thought out that you never buy a typewriter more elaborate than you need now, but whatever you start with, it can adapt as your circumstances change.

Take the ET116, pictured

above. It can underline, embolden and centre, all automatically.

It even has a 2,000 character storage memory, for frequently used phrases or addresses.

It could be all you ever need.

But what happens if, in six months time, you've grown, correspondence to existing clients has increased and your secretary's having something of a torrid time?

Do you curse the day you got sweet-talked into an Olivetti typewriter and wish you'd bought a word processor instead?

Not a bit of it. You need change nothing; you should simply

add the ETV350. This is a separate screen and disk drive unit with a working memory of over 20,000 characters and external storage of 320,000 characters on each disk.

Your basic typewriter has suddenly grown up to cope with your new demands.

All the machines in our ET range are designed to adapt in this way: you can use them as high quality printers for a computer, for instance, or connect them directly to a telephone.

But, whatever problems you need to solve now, please call us or fill in the coupon and we'll

be happy to give you some help.

You may even decide to plump for a sophisticated Videotypewriter straightaway. But think about it carefully.

You might be removing the Big Opportunity for your basic typewriter to work its way to the top.

Please send me a brochure showing me how to grow my own typewriters. To: Sandra Wright, British Olivetti Ltd, 95-99 Upper Richmond Road, London SW15 2UR. Tel: 01-783 6666.

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WORLD TRADE NEWS

Taiwan progress on import barriers slow, say critics

BY BOB KING IN TAIPEI

TAIWAN has embarked on a long-term programme to lower import tariffs and dismantle trade barriers, but the pace and the scope of changes are limited.

Talks between Taiwan and the US, which has been pushing the hardest for import liberalisation, have resulted in major improvements, although these have not been as extensive as the US would like, said an American economic analyst.

The improvements included lowering tariffs on about 100 items from a list of 192 which the US presented as offering good potential for American suppliers.

Taiwanese officials insist they are doing their best to lower trade barriers. They point out that changes are being prompted as much by the growing realisation that protecting home-grown industry hurts economic development as by the pressure from major trading partners with which the island traditionally runs up sizable trade surpluses.

The Ministry of Finance says the average nominal tariff rate on about 2,000 items imported from 120 so-called preferential nations - which include the US and most European countries - dropped from just over 31 per cent in 1980 to 26.5 per cent in 1985 and close to 23 per cent this year.

The so-called effective tariff rate, a weighted average factoring the total tax paid with the total value of goods imported, dropped by 11.7 per cent in 1974 to 1.62 per cent so far this year, and officials predict it will fall further to 5 per cent within five years. Taiwan also reduced tariffs on 1,038 items last year compared with 231 the year before. So far in 1986 it has dealt with another 771 items.

Critics argue that in many cases the cuts are too small to make much impact on imports. De facto import bans irritate many businessmen. For example, Taiwan has for some years banned imports of certain high-value consumer goods such as video-tape recorders, largely to protect its own industries. (The ban on VTRs will be lifted this summer, however.)

For many more years, its tobacco and wine monopoly has refused, with sporadic and short-lived exceptions, to import name-brand American and European wines and beers, and it has imposed extremely high duties and mark-ups on the exceptions.

Later this year, the monopoly will begin buying American wine and beer as well as widening distribution channels. At the heart of the resentment are Taiwan's continuing trade surpluses with most of its major trading partners. Total two-way trade of \$50.8bn last year left Taiwan with an overall surplus of \$10.8bn. Improved exports, combined with lower prices for crude oil - the nation's largest import item - will probably push the surplus for 1986 even higher. During the first quarter, foreign-exchange reserves held by the central bank had topped \$25bn.

Taiwan's export-oriented industry certainly is not about to stop exporting, and major importing nations are probably not going to stop buying from this island. About the only way, then, to cut into the embarrassingly-high annual surpluses is for Taiwan to buy more from overseas, and especially from those nations such as the US where its trade surpluses are stupendous. The best way to accomplish that, Taiwan's economic planners have decided, is to cut tariffs.

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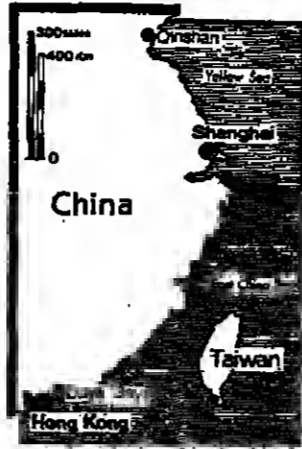
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Opportunities for foreign energy equipment groups will be limited, reports Robert Thomson

China tries to master the nuclear arts

NOW THAT China has basically decided to push on alone in developing nuclear power, the country's nuclear future rests on a small strip of coastal land, 120 km south of Shanghai, where large Chinese characters have been written on the face of an excavated hillside: "To build a strong country, build nuclear power plants."



The place is Qinshan, where China's first self-made nuclear plant is under construction with a little help as possible from foreign nuclear companies, some of which had once estimated the nuclear technology market here to be worth up to \$20bn.

In past months, the central government has scaled down ambitious plans for 10 nuclear power stations by the end of the century. The number of stations now depends on how quickly China can master the art of nuclear technology, as the Government has decided the price of imported stations is beyond its means.

Qinshan - intended to be 300 MW though Chinese nuclear industry officials are pushing for expansion to 1,500 MW - has been a long time in the making. The \$300m plant was approved on February 8, 1970, but delayed by the chaos of the Cultural Revolution (1966-76) and by the vacillation of the Chinese Government.

At a meeting with foreign journalists, Qinshan officials also admitted that the Three-Mile Island accident in the US in 1979 had slowed progress and had forced the shelving of plans to relocate the plant closer to Shanghai.

Work eventually began on the power station in March 1984. The projected completion date is December 1988, though foreign experts say long delays should be expected.

The reactor tower has been built so far to 31 metres high in the excavated site, about 200 metres from the beach. China's Ministry of Nuclear Industry is confident of getting approval for another 600 MW reactor and has plans for another 600 MW reactor, but the first of those reactors is still under review by the central government, as is the country's whole energy strategy.

However, it is certain that the opportunities for foreign companies will be far more limited than had been envisaged up to even a few weeks ago. The only exception is the 1,800 MW Daya Bay plant in southern China, for which France's Framatome and Electricite de France and Britain's GEC already have agreements to supply equipment.

A planned 2,000 Mw plant at Suzhou, to the north of Shanghai, has been postponed indefinitely, to the frustration of Framatome and West Germany's Kraftwerk Union which had been negotiating with the Chinese for several years.

Qinshan plant officials gave conflicting information on the foreign content of their project. Mitsubishi of Japan is to supply a reactor vessel Framatome will provide neutron flux and computer technology while Italian, Swedish and West German companies will supply fire-resistant cable and pumps.

In all, the foreign contribution is estimated at just \$50m, a stark contrast to the Daya Bay plant for which the imported reactors and turbines will cost China an estimated \$1.7bn. The assistant director of Qinshan, Chen Puzhi, said the site was chosen because, by Chinese standards, the surrounding area is sparsely populated, seismically safe, and has an ample supply of the water needed for the water-cooled reactor, which is Chinese made but closely modelled on a Westinghouse design. The plant's nuclear waste is likely to be shipped to Xinjiang in the Far West.

Officials estimated that 500 people live within a 1 km radius of the plant and about 800,000 live within a 30 km radius. Those officials made the 1979 decision that residents in the area have expressed fears about plant safety.

Many Chinese are aware of the Three-Mile Island accident, one of the major nuclear accidents others are afraid that it will explode. The provincial government and nuclear ministry have embarked on a public relations drive to convince residents that their fears are unfounded.

Whether Qinshan is ultimately a 300 MW plant or a 900 MW plant or even a 1,500 MW plant will depend on the fluctuating nuclear mood of Peking's powerbrokers and on the skills Chinese technicians are exposed to acquire during this first stage.

China yesterday called for an end to curbs on its exports to the European Community which it said held back sales while imports from the EEC boomed. Reuters reports from Peking.

The Peking Review said China's imports from the EEC last year increased more than 50 per cent over 1984 and 28.2 per cent over 1985. Exports to Community countries rose only 2.3 per cent to \$2.19bn. The magazine called on the Community to classify China as a developing country and said Peking could buy more from the EEC if it could export more.

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Canadian airline rivalry intensifies

By Bernard Simon in Toronto

STRONG rivalry for international air routes between Canada's two leading airlines has been revived by the rapid expansion of traffic to the Far East.

Air Canada, the state-owned carrier, has launched a campaign to break the Government-sanctioned monopoly on trans-Pacific routes to Australasia, south-east Asia and Japan held by Canadian Pacific Air Lines, a subsidiary of the Canadian Pacific Transport and Industrial Conglomerates.

Mr Michel Fournier, vice-president for international passenger marketing, said that Air Canada was especially keen to begin services to Seoul, which is not served by CP Air.

Swiftness between Canada and South Korea now have to change planes either in the US or Japan.

Mr Fournier indicated that Air Canada may also be interested in providing flights to Osaka, Taipei, Manila, Jakarta and Kuala Lumpur.

International routes from Canada have traditionally been divided by the Government between Air Canada, CP Air and charter airlines.

Air Canada is the main carrier to Western Europe and the Caribbean. The authorities in Ottawa, however, are moving towards deregulation of both domestic and international routes.

Wardair, an Edmonton-based airline, was designated last year as the second scheduled carrier to Britain.

CP Air said it might be willing to face competition from Air Canada across the Pacific if it were given traffic rights on some of the state airline's lucrative trans-atlantic routes, including Paris, Frankfurt and London. CP Air's European services are limited to Amsterdam and the Mediterranean.

CP Air will launch a major expansion of its Asian services this week. It will introduce daily flights between Vancouver and Tokyo, begin the first direct flights between Canada and China (to Shanghai) and increase frequencies on its Hong Kong route.

The Vancouver-based airline resumed flights to New Zealand last autumn, and plans services to Peking, Bangkok, Singapore and Seoul.

Air Canada gained a toehold in Asia last year by extending its European services eastwards to Bombay and Singapore. The airline argues that while its six Canadian scheduled and charter airlines (provincial) and a week across the Atlantic, CP Air lays on only 19 trans-Pacific flights a week.

Air Canada is to introduce a weekly flight between Toronto and Manchester as part of an expansion of its transatlantic services. It will also start a daily service from Calgary or Edmonton to London. Existing daily flights from Vancouver to London will all be non-stop.

Toshiba lifts offshore production of chips

BY CARLA RAPOPORT IN TOKYO

TOSHIBA, one of Japan's leading electronics companies, is joining the growing ranks of Japanese groups which are stepping up offshore production to shelter from the effects of the higher yen and international trade friction.

The group yesterday confirmed that it will double its output of 256K dynamic ram chips in Malaysia to 1m units a month this autumn and quintuple its West Germany production from about 400,000 units a month to around 2m by July.

The company said yesterday that the main reason for the transfer of production offshore was the higher yen. "It's crushing us," said a Toshiba executive.

Second, and almost as important, the move protects Toshiba from the effects of recent anti-dumping duties approved in the US on 256K Dynamic rams imported from Japan.

Toshiba's decision follows similar moves by leading Japanese companies, including NEC, Hitachi and Matsushita. Toshiba would not say whether jobs would be lost to Japan. The expansion to West Germany, it said, would not create jobs.

The investment to increase production in Malaysia and West Germany, it said, will amount to "a few billion" yen. (Yen is now worth nearly \$6m.) It will chip partly-made chips to its offshore production sites, as opposed to switching complete fabrication to those sites.

Toshiba would not make public its market share in the US, but said it was smaller than those of NEC and Hitachi. It added that the move would hopefully allow it to maintain its US market share in spite of the recent anti-dumping moves.

Safeway stores planned

SAFEWAY, THE US supermarket chain, is extending its operations in the Middle East. It plans to open its first store in Cairo in August and a second some time next year. Our Cairo Correspondent writes.

It already has two outlets in Saudi Arabia and another in Kuwait. There are also plans for a first Safeway supermarket in Jordan.

Investment in the Cairo projects will total about \$14m (\$9.8m) provided by a group of local investors. Safeway is supplying managerial and technical expertise, and intends to market local products under the company logo.

"There is tremendous potential in Egypt in terms of consumer demand, and nobody else can compete with what we will be offering," said Raymond Patterson, Safeway's representative in Egypt.

Turkey and EEC agree textiles deal

By Maggie Ford in Ankara

TURKISH TEXTILE producers have won favourable concessions on the volume of exports to be allowed into the European Community under an agreement with EEC officials in Brussels.

The agreement, which is to last for three years, has the backing of the Ankara Government, according to Mr Mahir Barutcu, under secretary at the Department of Treasury and Foreign Trade.

Exporters will be allowed rates of growth in the volume of textiles sent to the EEC ranging from 3 per cent to 6 per cent a year over the three-year period.

T-shirt exports will rise this year to \$3m garments, compared with 25m in 1985, and a 5 per cent growth level has been agreed in this category. Shirt exports will go up from 1.3m this year, and a 3 per cent growth rate will be allowed. Rates of growth are also agreed for sweaters and 4.5 per cent on ladies' hosiery.

Although Turkey was happy with the EEC agreement, Mr Barutcu said the textile industry was still running at only 60 per cent of capacity because of protectionism in other markets.

Negotiations with the US, where Turkish textiles exports were worth \$60m (\$53m) last year, were proceeding but with no sign of success, he said.

Akzo and Du Pont may be near deal

BY LAURA RAUN IN AMSTERDAM

AKZO, the Dutch chemicals and fibres group, and Du Pont of the US, may be edging towards a legal settlement of their decade-long battle over patents involved in their respective aramid fibres.

Enka, Akzo's synthetic fibres subsidiary, indicated yesterday that it hoped Du Pont would seek another meeting to discuss an out-of-court settlement following failed talks in London on April 22.

The Dutch company also said it would wait a month to decide whether to appeal an adverse court decision delivered on April 24 in Richmond, Virginia, declaring one of Akzo's patents invalid.

Aramid fibres are extremely strong, heat resistant and light weight and can be used in a variety of products including bullet-proof vests, high-performance tyres, and aerospace parts. The worldwide market is estimated at billions of dollars.

Du Pont has been making its aramid fibres, called Kevlar, for some years, while Akzo plans to begin commercial production of its twaron fibre at the end of June following several delays.

Akzo has reacted with much more reserve than in the past to the Richmond court decision, the second US setback in the past year for the Dutch company following a US import ban imposed by the US International Trade Commission (ITC).

Akzo did not use the vitriolic language used in reacting to the ITC import ban imposed last autumn and may be worried about the court decision's damaging effect on the appeal of the ITC ruling.

Because of Akzo's weakened position, it would prefer that Du Pont seek the next meeting to discuss a possible compromise in which compensation would be paid for the use of respective patents.

The failed negotiations in London were held at the request of Du Pont and both sides expressed a willingness to meet again, according to Enka.

Akzo and Du Pont are waging court battles over their disputed patents in seven countries. In the Richmond case Akzo asked the court to declare valid its patent for a solvent called NMP calcium chloride. A ruling in favour of Akzo could have resulted in Du Pont having to pay Akzo for the use of the solvent in making Kevlar.

Du Pont officials said that the court had ruled Akzo's patent invalid on the basis of the previous information available to the industry on the Dutch company's patented process.

Vietnam alters foreign investment law

By Chris Sherwell, South East Asia Correspondent

VIETNAM'S communist government is radically altering its law on foreign investment and anxiously seeking additional Western economic assistance, a delegation of British members of parliament has learned.

The eight-man delegation, members of the House of Commons Select Committee for Foreign Affairs, visited Hanoi and Ho Chi Minh City for three days over this month as part of a South East Asian tour. It was the first official British team to go to Vietnam in several years.

Two members said privately that the Hanoi Government was making some extraordinary un-Marxist gestures in economic policy, and one said these indicated that Vietnam was in "desperate need" of help.

The team, led by Sir Anthony Kerhaw, the committee's Conservative chairman, was shown a draft law on foreign investment, plans for which first surfaced publicly late last year.

The draft law is said to offer 10 per cent ownership to foreign investors, rights to repatriate all profits, a guarantee against nationalisation, free movement in the country and non-interference in labour.

Marconi wins Eutelsat order MARCONI Space Systems of the UK, as part of a consortium with Aerospatiale of France, has been chosen by Eutelsat, the European satellite organisation, to supply three communications satellites, the first to be launched in 1989, writes Michael Donne.

Marconi will supply the communications system for the satellites with options for five more. The deal will be worth up to £75m to the UK company over the next few years.

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New Issue
April 29, 1986

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UK NEWS

Lucy Kellaway and Tony Jackson on the rise of an obscure Welsh company

Papermaker builds from basics

LAST WEEK an obscure Welsh packaging company with the undistinctive name of David S. Smith became one of the largest paper manufacturing and processing groups in the UK.

Three years ago David S. Smith was a loss-making cigarette carton manufacturer, coexisting poorly with a shrinking market, at war with a dissatisfied workforce, and with sales of barely £5m.

Since then it has pulled its house into order and made a series of ambitious acquisitions, each one doubling the size of the company. The £74m bid launched last Wednesday for St Regis, the UK paper and packaging concern that was bought out by its management less than a year ago, was by far the most daring yet.

The new group will be capitalised at about £150m, have sales of about £200m and will be the fourth largest paper manufacturer in the UK. It will also be a leading maker of corrugated cardboard, with about 15 per cent of the UK market, and in addition to the original cigarette-carton business it will have holdings in specialist markets.

The merger is part of a much-needed process of rationalisation in a tough market. Demand for corrugated board in the UK has been static for a decade, and the market is afflicted by a degree of over-

capacity which, if anything, is getting worse. In such a market it is essential to be a low-cost producer, and it helps to be big. The new group will be among the three largest in the market. Its 15 per cent market share probably makes it joint second with UK Corrugated (a three-way joint venture between the Irish group Jefferson Smurfit, Macmillan Bloedel of Canada, and Assi of Sweden) behind the 18-20 per cent held by Reed.

The architect and builder of the group is Mr Richard Brewster, formerly finance director of Gilkspur, the industrial services group taken over by Unigate in 1984. Frustrated at being part of a large group, he decided to strike out on his own.

The paper and packaging industry may have seemed an odd one for him to have chosen, especially as he had no particular expertise in the field. But Mr Brewster explains: "It was a sector that had had a good time and then had suffered badly. It was not regarded as sexy, and there were bargains to be had."

He believes that as long as companies can be made to work efficiently in a competitive market requires heavy capital investment.

The first step was to find a quoted company in which he could acquire a strategic stake fairly cheaply, David S. Smith, which had

an aging chairman who wanted to sell his 30 per cent holding, seemed a suitable target, and with City of London backing he bought the stake in August 1983 for £750,000.

Bad industrial relations, unimaginative marketing and reluctance to invest were among the causes of the company's difficulties. Mr Brewster, capitalising on the company's skills in cutting and creating cardboard, has started selling to the food industry, has committed £2.5m to buying new Japanese carton printers, has cut overheads and has improved morale.

The first acquisition, made a year later, of Western Board Mills, was less in need of Mr Brewster's intensive-care treatment. The company, also based in Wales, is a specialised manufacturer of board, used in the inside of shoes and the back of television sets, and because of its low cost base, has become the highest manufacturer of its kind in the UK.

However, under new ownership, Western's horizons have been widened, and it has started to export to the US and Europe.

However, it was not until the acquisition of Abbitrin, itself the spur for the St Regis deal, that the present structure of the group began to emerge.

Abbitrin, a highly efficient manufacturer of corrugated cardboard, is one of the industry's recent success stories. It was started in 1972 by

four former Bowater managers who perceived that the big manufacturers were ill equipped to deal profitably with small orders.

Using Italian and Japanese equipment, Abbitrin boasts that it can make money out of orders worth less than £100, and over the past 10 years has secured 5 per cent of the UK corrugated market.

Given Abbitrin's success in the area, the acquisition of St Regis, a big corrugated board manufacturer, seems to make industrial sense. St Regis has twice Abbitrin's capacity, while Abbitrin has more work than it can manage.

"Parts of the St Regis operation are standard, long-run - dull even that is where we can help them," says Mr Brewster.

It is the other main plank of St Regis, paper mills, that has been generating most of the company's profits. While other UK paper mills have gone bankrupt, St Regis has continually invested in new machinery, and claims to produce as cheaply as anyone in Europe.

Moreover, its paper, which is converted into corrugated, will provide Abbitrin with a stable, long-term source of supply. That might be particularly useful in the near future.

Barring waste-based paper of the kind made by St Regis, the basic material for corrugated, known as kraftliner, is imported.

Shah says City likely to back more titles

BY RAYMOND SNODDY

THE BOARD of News (UK), publisher of today, the new colour tabloid newspaper, will next month consider plans for expansion and the launch of several national newspapers.

Expansion is being considered because several large organisations, City of London institutions and corporate groups are believed to have approached News (UK) to discuss the possibility of investing.

Mr Eddie Shah, chief executive of News (UK), confirmed yesterday: "We are now working on plans for new newspapers and are actively discussing funding for these with several investors, many of whom have approached us directly."

A planning group has been set up within News (UK) to work on a series of titles to be launched within

the next 12 months. Mr Shah is determined to try take advantage of what he sees as the opportunity opened up by Today, the first electronically produced national colour newspaper in the UK.

Mr Shah emphasised that he would only press ahead with new papers when he was satisfied that Today, which he said was selling more than 800,000 a day, was firmly established. Advertising revenue for the first month was £2.66m net.

Mr Tooy Rossor, one of the pioneers of free newspapers, has called in the receivers at his company Free Newspapers, which has 10 titles with a total circulation of more than 400,000. The group is said to have debts of more than £8m.

Clampdown on groups which fail to file returns

BY ALICE RAWSTHORN

THE DEPARTMENT of Trade and Industry (DTI) yesterday launched a campaign to clamp down on companies that fail to file their annual accounts and returns.

An advertising campaign will run in national newspapers for the next few weeks, paired with a more aggressive stance from the Companies Registration Office (CRO) in taking action.

"In the past company directors have tended to take a fairly casual approach towards filing accounts and returns," said Mr Stephen Cantis, the registrar for England and Wales.

"The campaign is intended to remind them that failure to file is a criminal offence and that the DTI intends to take it much more seriously."

There are just under 1m companies in England and Wales - 88 per cent of them privately owned - which are obliged to file annual accounts and returns.

Private companies are obliged to file accounts within 10 months of the end of their financial year and returns six weeks after their annual meeting. Public companies have to file accounts within seven months and returns within six weeks.

Throughout the 1970s there was a gradual deterioration in companies' efficiency.

Since then the situation has improved, chiefly because the CRO has been more diligent in monitoring the rate of return. It now sends "resinders" to companies a month or so before the accounts or returns are due.

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INFLIGHT INFORMATION

On behalf of all those business travellers who use their flying time profitably, the Financial Times would like to say thank you to the following airlines for carrying copies all over the world!

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Feel free to ask for your Financial Times.

特別企画

"JAPANESE MANAGEMENT SERIES"

INSIGHT INTO CORPORATE STRATEGY

— 新時代の企業戦略 —

The Japanese Management Series, an insight into Corporate Strategy, will start in the Financial Times on Tuesday 6 May, highlighting the result of interviews between a number of Japan's leading industrialists and Glenn Davis, a distinguished journalist and commentator on Japanese affairs who has spent more than a decade in Japan.

The series will look at the highly competitive environment that many industrial, commercial and financial companies are operating in and how their methods of trading, financing, marketing and servicing have gradually become more sophisticated and complex.

The series will also cover the shift in emphasis of corporate strategy by many Japanese companies from the domestic market towards heavier overseas investment, massive capital spending on technology and research and the establishment of global operations, as a result of mounting external pressure over the trade imbalance.

Look out for this informative series of advertisements which will start in the Financial Times on the 6th May 1986.

FINANCIAL TIMES
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Handwritten Arabic text at the bottom of the page.

Hambros and Mann in agency merger

By David Lascelles

THE UK's largest estate agency is to be created through the merger of Bairdrow Eves, the subsidiary of Hambros, and Mann & Co, one of the country's first publicly quoted estate agents.

The new group, which will be 61 per cent owned by Hambros, will be structured specially to supply the broad range of financial services house-buyers need.

The merger is to be achieved through a complex deal by which Mann will acquire Bairdrow Eves and then itself be acquired by Hambros. The acquisition of Bairdrow will be accomplished through the issue of 28.6m Mann shares on terms which have already been accepted by Hambros and by Bairdrow's management, which owns just over 20 per cent of the equity.

This deal is being underwritten by Morgan Grenfell at 350p a share, giving it a value of £32.7m.

At the same time, Hambros will offer to buy 40 per cent of the Mann shares owned by Mr J. M. Agass, the chairman, and Mr P. H. Locke, the chief executive, Mann's largest private shareholders, and 80 per cent of the shares owned by the public.

These will be financed by an issue of 15.8m new Hambros shares, underwritten by Guardian Royal Exchange at 280p a share, giving this part of the deal a value of about £4.4m.

The result will be a company in which Hambros owns 61 per cent, Mann's management 11.2 per cent, Bairdrow Eves' management 10.3 per cent, the Guardian Royal Exchange 2.5 per cent, and the public 15 per cent.

Hambros has decided not to go for total ownership in order to leave the management with a stake in the new company, and to preserve a Stock Exchange listing so that Mann/Bairdrow Eves shares can be used to finance acquisitions of further estate agencies. These will be initially in the Midlands and Bristol, west of England areas where representation is thinnest.

Mr Charles Hambros, the chairman of Hambros, said the deal reflected the view that the retail market place revolution was just as important as the changes in the wholesale financial markets in the City of London.

Approval likely for £800m BP gasfields

By DOMINIC LAWSON

THE GOVERNMENT is expected next week to give the go-ahead for an £800m plan by British Petroleum to develop two North Sea gasfields about 30 miles off Humberston, north-east England.

The fields, Cleeton, and Ravenspurn, contain about 1.3 trillion (million million) cu ft of gas equivalent to about 4 per cent of UK proven reserves. Gas is likely to start flowing from the fields into the British Gas network by the fourth quarter of 1988.

The BP plans are likely to be hailed by the Government as a sign that all companies are still prepared to go ahead with big developments, even when their revenues are falling as a result of the halving of the oil price.

Last week Shell announced that it was scrapping a £1.5bn plan to develop the Gannet cluster of oilfields in the North Sea. But in February, Conoco said it would press ahead with a £250m project to develop three North Sea gasfields.

Gas projects have not been hit as hard as North Sea oil developments, since British Gas's price paid to the oil companies is only about 50 per cent linked to the price of oil products. British Gas is

thought to be offering BP a price of about 25p a therm for gas from its new gasfields. But when the fall in oil prices has worked through the lag in the British Gas contract, the price is likely to come down.

Although the BP development will be warmly greeted by the Department of Energy, the project has struck to half the size originally claimed by BP in 1984. Then BP was conducting a vigorous campaign to convince the Government that the UK had enough undeveloped gas to do without the \$30bn of Norwegian gas that British Gas was then proposing to import. Last year the Government accepted this argument and vetoed British Gas's deal.

As part of its campaign, BP in March 1984 revealed that it would develop four North Sea gasfields which it claimed contained 2.5 trillion cu ft of recoverable gas, and which could be brought in to production by 1987. BP claimed that it would be a £1.5bn development which would create 7,000 jobs. BP named the four fields as Cleeton, Ravenspurn, Hyde and Hoton, after four Yorkshire villages which had disappeared as a result of coastal erosion.

North Sea oil jobs, Page 12

Early City trading starts with a yawn

By Clive Wolman

THE EARLY-MORNING trading into London's Cannon Street station were fuller than usual. The proprietors of City of London breakfast bars were surprised to discover queues building up when they first opened their doors.

The offices of brokers and jobbers were buzzing with activity well before eight o'clock in preparation for their morning meetings and telephone calls.

But when the Stock Exchange opened its doors yesterday at the new, earlier time of nine o'clock, trading began with a whimper. The reason was that the large institutional fund managers, who control most of the orders for buying and selling stocks and shares, failed to share the enthusiasm of the brokers and jobbers for early rising.

Yesterday was the second time that the opening hour for the gilt market has been moved forward. And some of the brokers and jobbers are worried that if the opening hours are moved forward any further they will have to give up their out-of-town homes and move into Central London. "There are just no trains that can get me in before 7.50 am," said one.

Several blamed the introduction of the nine o'clock opening on the pressures and aggressive competition from US securities houses - who favoured the move.

It was the London and International Financial Futures Exchange (LIFFE), in response to pressures from Asian and European investors, that asked the Stock Exchange to open half an hour earlier to permit the earlier trading of its futures contracts on long-dated Government securities and the Financial Times Stock Exchange 100 share index.

Mr Michael Jenkins, chief executive of LIFFE, said that about 8 per cent of the day's trades in these two contracts took place in the first half-hour before 9.30, although it was impossible to say how many of the trades would have taken place any way. "We cannot afford to ignore the increasing interest in the gilt market, particularly from the Far East," he said.

Trustee Savings Bank given court clearance for flotation

BY RAYMOND HUGHES AND DAVID LASCELLES

THE TRUSTEE Savings Bank (TSB) has won the High Court declaration it was seeking to allow its planned £1bn flotation to go ahead.

Mr Justice Scott yesterday held that depositors in TSB England and Wales had no legal claim to its assets beyond a right to be repaid, with interest, their deposits.

The case was brought by the TSB in an attempt to speed a legal verdict on claims that the bank was owned by its depositors which have already pushed the flotation back from the original target of last February.

Now, subject to whatever appeal may be launched, yesterday's ruling points to a possible autumn flotation for the bank.

The judge also said the bank's assets were held, subject to statutory provisions and to the bank's rules, on trust to provide for repayment, with interest, on deposits.

This was something less than had been sought by the bank, which had asked the court to hold that depositors had no rights in the assets beyond a contractual right to repayment of their deposits, plus interest.

Sir John Read, TSB chairman, said: "We are pleased the case has been decided in our favour and we will be meeting the Treasury to discuss the way ahead."

The Rev John Vincent, a depositor whose opposition to the plans to reorganise the TSB prompted the bank to go to court, said the case

had only half been decided in the bank's favour.

"Depositors retain an interest in the assets and the Treasury must think twice before declaring the flotation," Dr Vincent said.

The Treasury said it was studying the judgment and had no comment at this stage.

Dr Vincent may appeal. The judge gave leave for any appeal to go straight to the House of Lords.

The intention is that any appeal will be heard, probably in June, in conjunction with a possible appeal in a similar case brought unsuccessfully in the Scottish courts by Mr James Ross, a depositor in TSB Scotland.

The Scottish appeal court, rejected Mr Ross's claim that the bank was owned by its depositors.

The TSB reorganisation, envisaged the transfer on a vesting day to be appointed by the Treasury, of TSB England and Wales, and its sister institutions in Scotland, Northern Ireland and the Channel Islands, to new companies.

The shares of those companies would be held by a new holding company, some of the shares of which would be offered to the public.

Dr Vincent was disturbed by what he saw as a change in the character of the bank - from a philanthropic institution concerned with the interests of its depositors, to a commercial bank operating for the benefit of its shareholders.

The judge said that, until 1828 surplus assets of the TSB had been returnable to depositors. In that year, a new act had provided that surplus assets could not become payable to depositors, and subsequent acts had been drawn on that basis.

The TSB was not an ordinary corporate bank, and the relationship with its depositors was different from that of an ordinary bank.

TSB depositors could, in the last resort, control the management through removal of the trustees who managed the bank.

The depositors were entitled to be supplied with the TSB's latest audited accounts, and could appoint a commissioner to examine the bank's affairs.

Those statutory provisions recognised a relationship going beyond the contractual relationship between a depositor and an ordinary bank.

Accordingly, since 1828, TSB depositors had been entitled to regard the bank's assets as held upon trust to provide for repayment of their deposits with interest.

Sir John will be seeking a meeting within a week with Mr Jan Stewart, the Treasury minister responsible for the sale of the TSB, to discuss the next steps. The TSB has been keeping its launch machinery oiled, and could come to market within three months of a go-ahead being given.

Pollution safeguards planned for water sale

By Richard Evans

THE GOVERNMENT moved yesterday to meet some of the main objections to the privatisation of the water industry by announcing plans for strict environmental safeguards, including the establishment of an inspectorate to monitor pollution control.

The proposals, announced in a Green Paper (consultation document), follow fears expressed by trade unions, Labour MPs and other opponents of privatisation that strict environmental standards may be relaxed once water supply is sold to the private sector.

The scheme for an inspectorate, one of a wide range of recommendations, is designed to ensure that ministers retain overall responsibility for national environmental policies and that the privatised water companies act in the public interest.

Inspectors would advise the Environment Secretary not only on how effectively the new Water Service Public Limited Companies (WSPLC) monitor water quality and control pollution by others, but also on their own performance as abstractors of water and dischargers of effluent.

The document proposes that quality standards for natural waters, at present imposed voluntarily by the regional water authorities, should be given statutory backing. There are also proposals to ensure that the companies allow boating, fishing and other recreational activities to continue.

Present plans for the privatisation of the water industry, the most contentious of the Government's lengthy list of privatisation plans, are for legislation to be introduced in the autumn at the start of the next parliamentary session.

The 10 water authorities in England and Wales would, under the terms of the bill, be taken under government control and then be sold separately.

The hope of ministers is that up to five authorities, probably starting with Thames, the largest, will be in private hands before the next election. At least £500 should be raised by the sale of the first five.

Prison officers discuss next move by union

By PHILIP BASSETT, LABOUR EDITOR

THE GOVERNMENT told leaders of the Prison Officers' Association (POA) yesterday that further talks with the Home Office could not take place while officers maintained their current industrial action over manning levels.

Following talks with Mr Douglas Hurd, Home Secretary, the POA executive met to consider the union's next move - facing a choice between calling off further action to allow talks to begin, or intensifying it. The meeting was continuing last night.

The talks with Mr Hurd were held following a suspension of the POA's programme of fresh national

industrial action, although some action was still continuing at three prisons - Swansea, where a go-slow was in force; Gloucester, where officers were refusing to man Worcester Crown Court; and Northallerton youth custody centre, where officers were refusing to admit new prisoners.

Mr Hurd said after the meeting that he had told the POA he was "deeply concerned" that industrial action was continuing in several prisons.

He gave clear backing for moves by prison governors to reduce their operating costs, and in particular spending on officers' overtime.

Labour calls for new union link

By PHILIP BASSETT, LABOUR EDITOR

MR ROY HATTERSLEY, Labour's deputy leader, yesterday mapped out in the party's clearest terms so far what it sees as its new relationship with the trade unions in the run-up to a general election.

Mr Hattersley's comments, in a speech to the annual conference of the shopworkers' union Usdaw, come in the wake of a series of statements by prominent union leaders suggesting the need for workers to exercise voluntary self-discipline over pay rises, in order to boost employment and increase the chance of Labour winning the next election.

Some leading Labour figures, viewing the unions as an electoral liability, have been suggesting that

the party should minimise as far as possible its links with them. But Mr Hattersley said that an extension of the Labour-union policy was "essential" both for a Labour victory and for the success of the Labour government which would follow it.

He stressed, however, that neither partner should dominate. The Government has made much of what it sees as the unions' over-weening influence on the party.

Mr Hattersley rejected the old form of complete and often mutually unsatisfactory interdependence between the labour movement's two wings: "I will not ask the unions to accept policies to which they are opposed as a *quid pro quo* for a Labour government implementing policies which it knows to be wrong."

"You scratch my back and I'll scratch yours" is not an adequate philosophy on which to base the policies of a great reforming government.

Instead, the two sides had to agree on priorities and work out how they could be achieved. Employment would be first on the agenda. Other programmes and policies - including wages - would have to take their place "further back in the queue."

Labour and union leaders privately recognise that part of the success of the Conservative Government's attitude to employment law, for instance, has been its step-by-step approach.

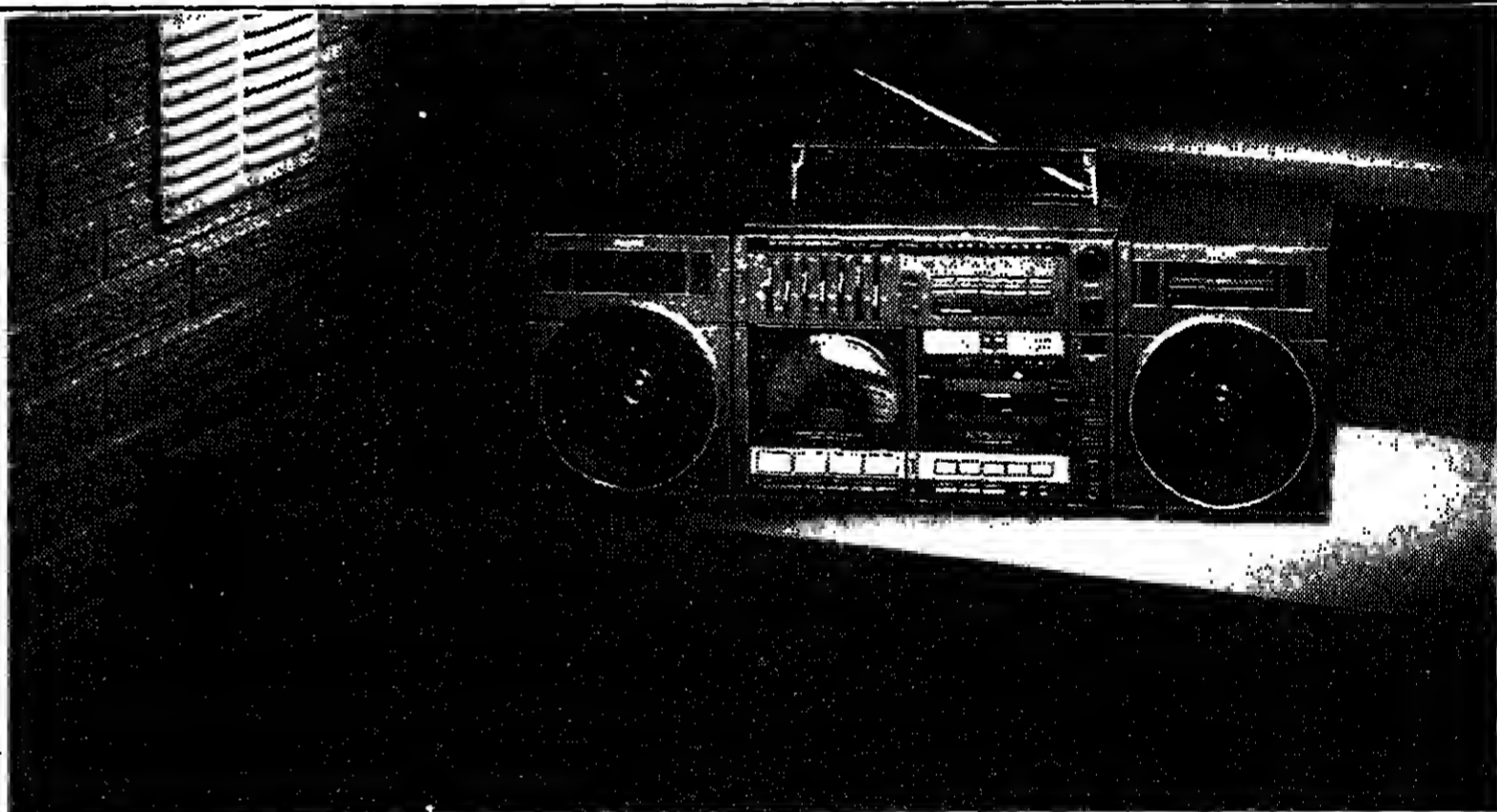
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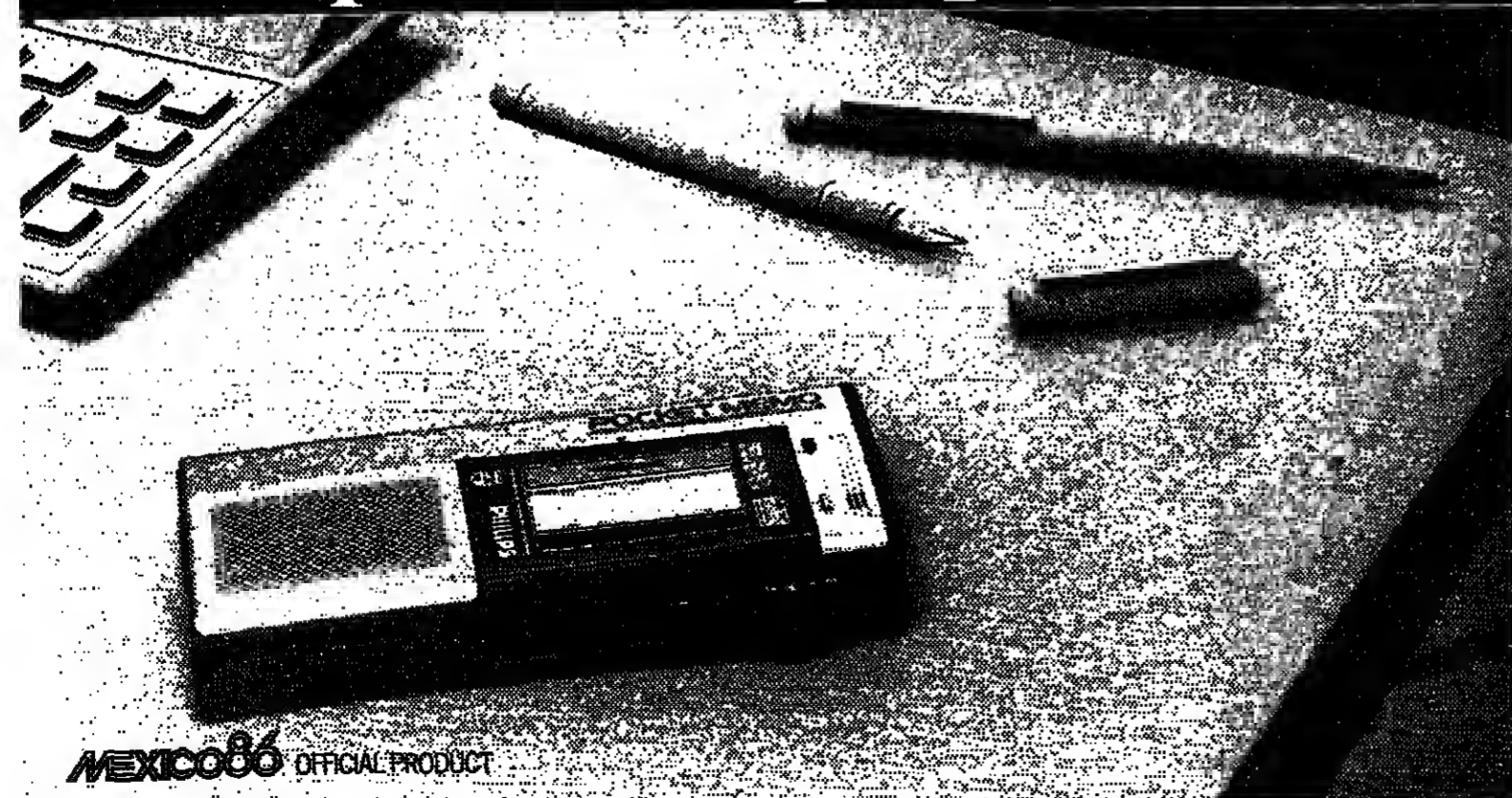
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PHILIPS

UK NEWS

Europe's growth forecast to exceed inflation

BY GEORGE GRAHAM

GROWTH in the main European economies this year will exceed the inflation rate for the first time since 1960, according to DRI Europe, the economic forecasting group.

The group expects growth in 1988 to be over 3 per cent, driven mainly by consumer spending, and inflation to fall significantly below 4 per cent by the end of the year.

Inflation will gradually rise back to 4 per cent in the European economies, DRI says, since most of the impact of lower oil prices on the inflation rate is only temporary. Countries which normally enjoy low inflation will see price falls, it says.

In the UK, DRI forecasts that growth will slow from last year's rebound after the miners' strike to a still buoyant rate of 2.3 per cent. The Government, by comparison, forecasts 3 per cent growth.

A further slowing in real gross domestic product (GDP) growth to 2 per cent is predicted by DRI for 1987, mainly as a result of an acceleration in inflation from the end of this year. DRI expects inflation to average 4 per cent in 1986, before rising to 4.8 per cent in 1987 and 5.3 per cent in 1988.

DRI believes improved competitiveness from the lower exchange rate and higher market growth from the oil price fall will mean that export growth will slow in 1988 by less than had been expected. But last year's loss of competitiveness will delay the main improvements in export growth until 1987 and 1988.

West German inflation is forecast at 0.3 per cent for 1988 as a whole, dipping to 0.1 per cent deflation in 1987 before returning to 1.9 per cent inflation in 1988.

Inflation is expected to fall to 3.4 per cent this year in France and to remain steady at 3.3 per cent next year and 3.4 per cent in 1988. Italian inflation is forecast at 6.9 per cent this year, 6.1 per cent in 1987 and 6.2 per cent in 1988.

DRI Europe, 30 Old Queen Street, London SW1H 9HP.

BT plans premium film cable channel

BY RAYMOND SNOODY

BRITISH TELECOM is to launch a premium film channel for cable television this summer.

BT, which has been gradually expanding its cable interests as others such as Thorn EMI have backed out, announced the plan yesterday at the Cannes film festival.

Agreement in principle has been reached with UIP, the international distribution arm of the American film studios MGM/UA, Paramount and Universal, to supply films for the channel.

The launch of the new BT channel means that there will be competition against the existing premium film channels for UK cable.

Last month, Mr Robert Maxwell, publisher of Mirror Group Newspapers, became controlling partner in Premiere and announced the closure of his film channel MirrorVision.

BT is already a substantial shareholder in Home Video Channel (HVC), which offers a low-cost film service by avoiding the cost of hiring satellites and delivering cassettes to cable operators.

Mr Gerner Rugeheimer, chairman of HVC, and Mr Adam Singer, managing director, will run the new channel which, like HVC, will be delivered to cable operators by security van. "We spend the money on the films, not on transportation," Mr Rugeheimer said yesterday.

Mr Colin Browne, chief executive of BT's cable television operations, said the channel would be clearly differentiated from HVC and this would give cable operators the possibility of a two-pronged marketing approach.

In March, BT took a one-third stake in the Children's Channel. It also has an interest in four of the new multichannel cable networks, including a majority stake in Coventry Cable and 100 per cent ownership of Swindon Cable.

PA Technology to set up optical supplier

BY PETER MARSH

PA TECHNOLOGY, the research and development group, is to set up a specialist company providing optical materials in the electronics industry.

The company, yet to be named, will have PA Technology as the majority shareholder. An earlier venture by PA Technology, an enterprise to turn out semiconductor chips, had to be put in the hands of the receiver last year after City of London investment groups withdrew support.

The materials to be sold by the new company include chemicals used in products such as electro-optical switches for telecommunications and signal processing devices in the defence industry.

PA Technology, based in Melbourn, near Cambridge, and with laboratories in Belgium, Australia and the US, has built up expertise in optical materials in research and development contracts for customers around the world.

Companies employing the Melbourn concern, which expects annual sales of about £50m this year, include IBM, Canon, Plessey, Siemens and Philips.

Mr Gordon Edge, chief executive of PA Technology, said the new company would sell small amounts of materials, with most orders amounting to a few grams. He did not specify the chemicals involved.

The formation of the new concern comes as part of Mr Edge's strategy of encouraging the creation of subsidiary enterprises from within the Melbourn organisation.

This strategy got off to a far from bright start last year when Array Logic, the first company set up under Mr Edge's scheme, went into receivership.

How a Merlin phone system helps Mr Hardy face tomorrow.

IN WHICH WE APPRECIATE THE CHAMELEON QUALITY OF MERLIN SYSTEMS AND THEIR ABILITY TO COPE WITH FUTURE DEVELOPMENTS.

Ernest Hardy had an extraordinary air about him that caused people to stop and stare quizzically and marvel at what manifested itself as persistent good fortune. Luck, however, played only a small part in Hardy's life.

Ernest Hardy was in fact blessed with uncommon vision.

Merlin Monarch Compact phone system served the Bodmin office faithfully, with both data com-

Monarch system that Hardy arranged for it to be moved with the rest of the business to the new premises.

A relatively simple operation that earned Hardy the title "Saviour of the Monarch" for a mercifully short period.



DIGITAL TECHNOLOGY

Hardy's reverie came to a reluctant end as the office door opened. It was Wilde, his over-cautious assistant. "Mr Hardy, sir, there's talk of the public telephone network going digital. Are we insured? Are we prepared? Are we..." Hardy silenced and calmed him with one gesture. "Wilde, appropriately enough, I was just reflecting on the chameleon quality of our Merlin phone systems, and their ability to accommodate the advent of public digital networks."

Hardy continued talking, but Wilde had stopped listening. "That's the sort of vision you need," thought Wilde, "to face tomorrow with confidence."

Merlin is British Telecom's exclusive brand of highly compatible electronic business products and systems, supported by BT's outstanding service and technical back-up. For more information, call FREEPHONE MERLIN or send the coupon to Victor Brand, British Telecom Merlin, FREEPOST, London SW19 8BR.

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FROM HUMBLE BEGINNINGS, MIGHTY SYSTEMS GROW

The Merlin Monarch Compact phone system from British Telecom in Hardy's balloon broking business was a perfect example. When he installed this system, his sanity was quietly questioned. Here was a system capable of carrying around 120 extensions and Hardy was inexplicably using only 50.

But who could have predicted the sudden surge of interest in hot air? Presumably Hardy had, because a simple addition allowed his Merlin Monarch system to grow as effortlessly as a good rumour and to add the latest facilities as they become available. The company was able to cope with the increased capacity, and a mighty business was born. Thanks in no small part to the Monarch.

munications and Call Management facilities added without a hitch. The staff were amazed, the business thrived and Hardy had once again proved his remarkable foresight.

SOPHISTICATION IS SOMETHING YOU'RE BORN WITH

Take Hardy's Cornish packaging company as another example. Who could have forecast the revival of waxed paper and tin as a packaging material? But Hardy was ready. His

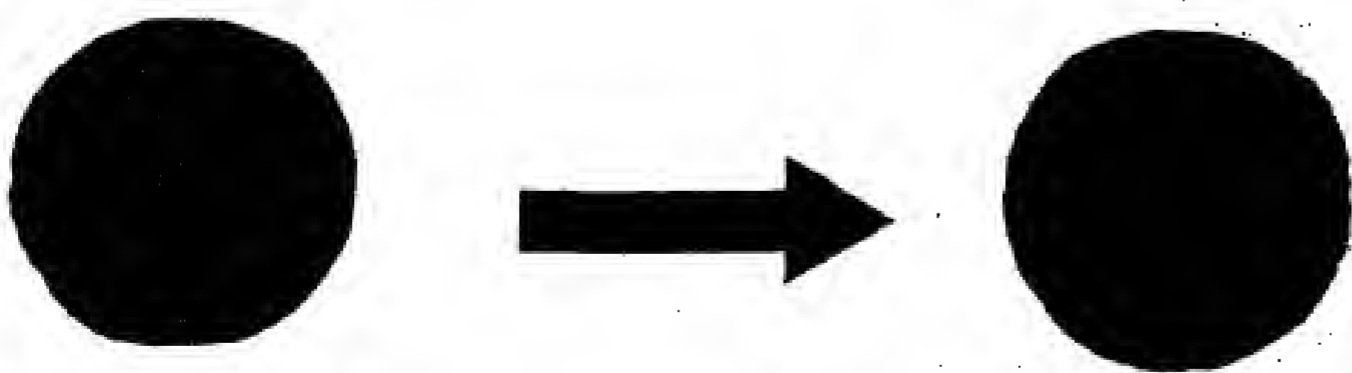
ANOTHER TIME, ANOTHER PLACE

The Merlin Monarch 250 in his Peterborough office was yet another example. A superlative system that had been hailed as the linchpin of the business during the boom of '84. So indispensable did the staff find their



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Handwritten Arabic text: "تاتنا من اجل"

UK NEWS

Research funds the key to Rolls-Royce's future

A KEY element in the Rolls-Royce privatisation prospectus, when that document eventually lands, will be the company's research and development plans for the tough, competitive years ahead.

If the company is to keep pace with fierce rivals such as Pratt & Whitney and General Electric of the US, large sums will have to be allocated for research and development (R&D).

Annual spending of more than £225m for the past five years will have to increase for Rolls-Royce to hold its position in an industry whose pace of technological development is accelerating.

New products will have to be developed to carry Rolls-Royce into the 21st century. The company will also want to continue to improve its existing civil and military engines.

But perhaps the most important new venture, from which much of the company's future civil market will come, is the prop-fan - the combination of new types of gas turbines and propellers to provide engines yielding savings of up to 40 per cent in fuel compared with current jets, while providing speeds close to those of jet-propelled aircraft.

Rolls-Royce says the possibilities in that area include not only "open rotors" (where the propellers are at the rear of the fuselage and are not covered), suitable for the smaller, 150-seater airliners, but also "ducted rotors", larger engines with shrouds round the propellers making them suitable for under-wing use on big aircraft such as 747 jumbo jets.

The company says it is "committing considerable technical resources to this work which is aimed at the possible start of full-scale production during the 1990s. It has included the construction of a new test facility for gearboxes transmitting up to 15,000 horsepower; such gearboxes may be required for future prop-fan engines."

But the US appears to be ahead, at least in "open rotor" type prop-fans, with General Electric and Boeing due to start flight tests this summer, and with McDonnell Douglas, Pratt & Whitney and Allison starting joint flight tests next summer.

No flight tests of a small Rolls-Royce propfan are yet scheduled, and the company may prefer to miss the first generation of such engines, concentrating on the bigger "ducted rotors" for the mid to late 1990s.

Alternatively, it might move into a new collaborative venture with its US rivals. Although it will not admit it, the company is believed to have had talks with Pratt & Whitney on such a possibility, but nothing firm has emerged.

Such collaboration seems inevitable, however. The cost of developing a new propfan engine, even of the smaller "open rotor" type, is unlikely to be less than £500m, and may well be considerably more.

Michael Donne looks at how R&D plans will figure in Rolls-Royce's privatisation prospectus.

while the bigger types of propfan will cost much more.

It is doubtful whether Rolls-Royce, with all its heavy R & D commitments on other powerplants, could afford to go ahead alone, and at some stage it will have to seek some form of cost-sharing venture. That would also spread the potential market for such engines.

The danger lies in leaving such collaboration too late. The US companies are pushing ahead fast, aiming for a date in service of 1992, and they do not agree with Rolls-Royce that the first-generation propfans will not arrive until 1995.

So Rolls-Royce will have to make its decision soon. The stakes are high and even if disagreement exists over the timing, the consensus in the industry is that propfans are going to be one of the biggest revolutions in aviation since the gas-turbine engine itself.

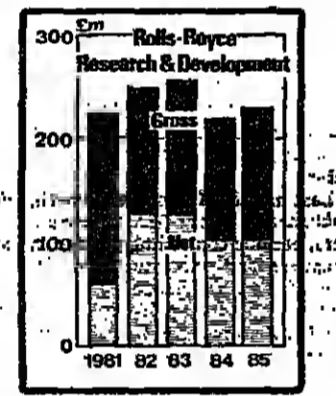
To miss out on such a development would have far-reaching effects.

An engine can last for up to 30 years, and often longer. That includes anything up to 10 years of development from the initial concept until it enters service. The quantity "production cost" last 20 years or more, in which development costs are recouped and profits earned.

Even after an engine goes out of production, the provision of spares for those in service can last for several years, generating cash.

Those profits help to pay for R & D of new ventures, while also financing improvements on existing engines.

Rolls-Royce is no exception, except that it can seek government launching aid for new civil ven-



The gross outlays on R&D include the amounts contributed by the Government through launch-aid on civil ventures, defence votes and shared advanced engineering programmes. The net spending is the company's contribution from its own resources.

tures, and get support from defence budgets for military engines. Much of last year's R&D cash came from the Government (through defence funds, shared spending on advanced engineering programmes, and civil launch aid), but the company still had to find £180m.

Spending on that scale is likely to continue up to and through the 1990s. Before winning government support for new ventures, the company will have to spend much of its own cash to prove that a particular concept is worth supporting.

In current civil engines, spending will continue on improving the Dart turbo prop (of which more than 7,000 have been built), because it is still in service in Viscount and Fokker F-27 airliners.

Developments to boost the thrust and improve the fuel consumption of the RB-211 family of engines are also under way, and will require much money.

In the military field, existing engines such as the Spey are being further developed for such ventures as the Italian-Brazilian AMX fighter, while the RB-188 for the Tornado is also being improved. A version of that engine is being used in the UK Experimental Aircraft Programme due to fly this summer.

The company is further developing the Pegasus engine, to improve the Harrier jump-jet fighter in both the RAF and US Air Force.

But it is on the new generation of civil and military engines that most of the heavy future R&D spending will centre.

The first of that generation is the Tay engine for short-haul 100-seat airliners, like the Fokker F-100 and US Gulfstream IV.

Rolls-Royce does not disclose how much it has spent, but it is bound to be well over £100m and has been financed entirely from the company's resources.

The Tay has already won big orders, but it will need many more to generate profits.

Also now being developed (in conjunction with Turbomeca of France), is the RTM-322, a helicopter engine that the company will soon test-fly in a US Sikorsky S-70C aircraft.

Rolls-Royce hopes the US Air Force and Army, among others, will eventually adopt the RTM-322.

From the core of the RTM-322, Rolls-Royce plans to derive a series of other new engines. One under way is the RB-550, a small turbo-prop for current and planned "computer" airliners of the 50-70-seat category.

Rolls-Royce is behind in that market. Pratt & Whitney (Canada) already has its PW-120 series of turboprops. One of these, the PW-124, has been selected by British Aerospace (BAe) for its new 64-seat Advanced Turbo-Prop (ATP) airliner because no suitable British engine was available in the time-scale BAe required. The ATP will fly this summer.

Unfortunately, improving your turnover doesn't always mean increasing your profits.

As a rule, winning new orders, making deals and meeting deadlines send businessmen's pulses racing.

While profit forecasts, business plans and cash flow tend to make their hearts sink.

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Oil price drop edges closer to Aberdeen

YOU CAN take the pulse of Britain's offshore oil industry in Aberdeen harbour, on the east coast of Scotland. About eight 3,000 to 3,000 tonne supply and anchor-handing boats tie up like restless, monster taxis waiting for a fare.

The drop in oil prices is starting to hurt in Britain's offshore oil capital. Normally the harbour would throb with the brightly coloured supply boats shuttling in for a fast turnaround loading drilling equipment and food for the offshore platform.

They are now on "hold" along with four or more big semi-submersible drilling rigs with a daily rental value of \$23,000 parked a few miles offshore - another sign of drilling and development work postponed.

Like a depression moving across the weather chart, the falling oil price is edging towards thriving Aberdeen. The job losses have yet to come. March unemployment in the area remained at 6.3 per cent - less than half the Scottish average - and no surge in early redundancy notices has been reported.

There are an estimated 100,000 direct and indirect off-related jobs in Britain and about 60,000 of these are in the Aberdeen area or surrounding Grampian region.

Daily North Sea oil output is now less than half its November value, according to the Royal Bank of Scotland-Radio Scotland index. Its survey for March showed the value down by a further £7m to stand at £25m, Mark Meredith reports.

Yet the industry sees the storm coming. As seen in a prediction from the Royal Bank of Scotland/Radio Scotland monthly oil index yesterday some 8,000 jobs with the drilling companies are in jeopardy. Last week the Scottish National Party warned that at least 5,000 jobs were at risk because of the oil price.

The oil companies and their contractors are still apparently living off the cash generated when oil was more than \$20 a barrel. Many others in Aberdeen are trying to wait for an improvement in the price rather than cancel crucial projects.

Jobs cuts to date have been discrete, according to Mr James Henderson of Nesda, principal development officer with the industrial development arm of Grampian region. Some US nationals on short-term contracts have been sent home. Other offshore workers live elsewhere in Britain or overseas and

their redundancies would not be noted.

There are layers of vulnerability to the Aberdeen oil economy, which over 10 years has been transferred into one of the most prosperous towns in Britain.

First to get hurt are development projects for new oilfields still on the drawing board. Then drilling programmes are curtailed, and the drilling rigs recalled.

With the largest proportion of Aberdeen's oil activity tied to supplying the production platforms offshore, there is some protection. North Sea output for March remained at around 2.7m barrels a day but talk of actually shutting down one or more of the 50 offshore fields will increase, according to analysts in Aberdeen, if the price remains below the \$5-\$7 a barrel operating cost.

The offshore suppliers are already under pressure. Offshore operators looking for quick savings shop around the highly competitive market for underwater equipment and divers, driving down rates.

Other suppliers, the four helicopter companies, are under similar pressure as oil companies move away from fixed monthly contracts and play one company off against another to find the best hourly rate.

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MONTGOMERY SECURITIES

Bedford expects to boost market with Suzuki-based van

BY JOHN GRIFFITHS

THE SECOND van model to be produced by Bedford, General Motors' commercial vehicles subsidiary, in collaboration with a Japanese manufacturer goes on sale in the UK tomorrow.

The Rascal, a half-ton payload microvan based on a model produced by Suzuki in which GM has a 5 per cent equity stake, is forecast by Bedford to increase the UK microvan market from 6,750 units last year to 15,000-16,000 in 1987. Until now, microvan production has been confined almost entirely to Japanese producers.

Production of 10,000 units a year is envisaged at Bedford's vans plant at Luton in Bedfordshire, in which GM has invested £90m over the past 30 months. Bedford expects to account for virtually all the market increase. The Rascal's introduction will provide the company with "virtually 100 per cent" coverage of the UK market for vans of all types, said Mr Paul Tosch, Bedford's chief executive.

Mr Tosch said no decision had been taken on whether to build the vehicle in left-hand-drive form for export elsewhere in Europe.

Initial European content of the Rascal is 82 per cent, measured by ex-factory value and including all overheads. GM has promised the Government that the European content level will be raised to over 80 per cent within three years.

The investment at Luton is allowing Bedford to build the Rascal, its own-design CP2 panel van and the Midi, a one-tonne van also based on a Japanese design, on the same assembly line. European content of

the Midi is also pledged to increase to over 80 per cent.

The Midi was launched at the beginning of last year. It entailed collaboration with Isuzu, in which GM also has a stake, of nearly 40 per cent.

Both Bedford's 450 dealers and Suzuki (GB) Cars, a subsidiary of Heron Corporation with 100 outlets, are to distribute the microvan in the UK. Suzuki will sell it as the Suzuki Super Carry and expects to account for about 2,500 of its sales per year.

Some £15m was spent on re-engineering the van to meet European standards. It was launched in Japan last summer as the Suzuki SK 140.

The vehicle is only just over 10 ft long and is powered by a Suzuki engine of just under one litre. It is a purpose-built, rather than car-derived, van with forward control and the engine mounted beneath the seats. As a result, according to Bedford, its interior body volume of 93.6 cu ft provides up to three times the volume of vans based on cars. Pick-up versions are also being offered.

Mr Tosch said the Rascal should open up "an intriguing new market" in the UK.

It was expected that there would be some market overlap with car-derived vans and that that might detract from sales of Bedford's own car-derived vans, the Astra and Astramax built at its Ellesmere Port plant in north-west England. The company gave no estimate, however, of what the precise impact might be.

UK NEWS

MOTOR TRADE DIFFERS OVER REGISTRATION CHANGE

Car prefix issue 'stays open'

THE GOVERNMENT'S decision to change the month when each annual vehicle registration prefix is introduced from August to October could be revoked, according to Mr David Gent, director general of the Motor Agents' Association (MAA), John Griffiths writes.

"It is not a closed issue," he said after a meeting with Mr Nicholas Ridley, the Transport Secretary, when he pressed the association's case that the prefix - at present the letter C - should change in July instead.

The change causes an annual fall in new-car sales but cuts sales in the preceding months, as buyers wait for the new letter.

The MAA represents about 13,000 motor traders and is bitterly opposed to a change to October. It claims it would reduce sales of new cars by up to 180,000 units next year and cause a collapse in the value of used-car sales.

A sharp divide, however, is opening between the MAA and the Society of Motor Manufacturers and Traders (SMMT) on the issue.

The latter has had the difficult task of reconciling conflicting views among its members, who include vehicle and component manufacturers, importers, and dealers.

Last weekend, Mr Anthony Fraser, the society's director, came out in firm support of the change to Oc-

tober. "The choice of July could make the problems worse for British manufacturers," he said. The society's UK manufacturer members - and large distribution groups representing British and some import franchises - fully supported Mr Ridley's decision.

During the past three years, the August sales peak had built up to unmanageable levels, Mr Fraser said. By the end of 1985, it was clear that the licensing centre at Swansea was being swamped, dealers were unable to carry out the hunched pre-delivery inspections and, for the first time, British component makers were complaining that they couldn't cope.

Spending 'to rise' on new technology

BY RAYMOND SNOODY

MORE THAN three quarters of the chief executives of the largest European countries plan to increase their spending on information technology - computers, word processors and telecommunications - according to a survey by Research Services.

The survey of chief executives in 15 European countries also shows that supervising the development and introduction of products and the management of new technology is seen as the most important area of chief executive responsibility.

The survey, carried out by Research Services for Business Week

International and the Wall Street Journal Europe, investigates the views, attitudes and reading habits of 1,200 European chief executives of companies with a turnover of more than \$150m.

Almost one in three of the companies employed more than 5,000 people in their own countries.

Most chief executives feel that European governments have become more sympathetic to the needs of the business community and nearly three quarters believe that the industrial relations climate has improved in their country over the past five years.

Newspapers and magazines are seen as the single most useful source of information for chief executives. Daily newspapers are quoted by more than 80 per cent, weekly magazines by nearly 40 per cent and newsletters and monthly magazines by about 20 per cent.

Thirty eight per cent of European chief executives read the Financial Times, 15 per cent the Wall Street Journal Europe and 13 per cent the International Herald Tribune.

Chief Executives in Europe 1986 from Research Services, Station House, Harrow Road, Wembley, Middlesex HA9 6DE. £50.

CONSOLIDATED RESULTS OF MAKITA ELECTRIC WORKS, LTD.

Year ended February 20, 1986.

(From February 21, 1985 to February 20, 1986)

Year ended February 20 (US\$1.00 = ¥180)

	1986	1985	% of change
Net Sales:	¥116,489 million (\$647,161 thousand)	¥108,324 million (\$602,911 thousand)	7.3
Net Income:	¥8,398 million (\$46,656 thousand)	¥8,580 million (\$47,667 thousand)	-2.1
Net Income Per Share:	¥58.2 (\$0.32)	¥72.8 (\$0.40)	-20.0
Per Common Share (1 ADR is equal to 5 Common Shares)	¥290.9 (\$1.62)	¥363.8 (\$2.02)	-20.0

MAKITA ELECTRIC WORKS LTD. AND CONSOLIDATED SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED FEBRUARY 20, 1986 AND 1985

	Japanese Yen (millions)		Translated into U.S. Dollars (thousands)	
	1986	1985	1986	1985
Net sales	116,489	108,324	647,161	602,911
Cost of sales	68,977	65,418	383,285	363,439
Gross profit	47,512	43,106	263,876	239,472
Selling, general and administrative expenses	26,780	24,912	148,778	138,400
Operating income	20,732	18,193	115,178	101,072
Other income (expenses), net:				
Interest income	3,397	2,584	18,372	14,356
Exchange losses on foreign currency transactions	(2,509)	(881)	(15,606)	(4,894)
Other	(1,831)	(347)	(10,727)	(1,928)
Total	(1,499)	1,850	(7,961)	7,534
Income before income taxes	19,233	18,549	107,217	108,606
Provision for income taxes:				
Current	9,614	12,433	53,411	69,072
Deferred	1,287	(1,464)	7,150	(8,133)
Total	10,901	10,969	60,561	60,939
Net income	8,332	8,580	46,656	47,667

	(in Yen)		(in Dollars)	
	1986	1985	1986	1985
Net income	8,332	8,580	46,656	47,667
Cash dividends, applicable to earnings of the year				
Actual	18.0	18.0	0.10	0.10
Adjusted	18.0	18.4	0.10	0.09

Per American Share, each representing five shares of common stock:

Net income	290.9	363.8	1.62	2.02
Cash dividends, applicable to earnings of the year -				
Actual	90.0	90.0	0.50	0.50
Adjusted	90.0	91.2	0.50	0.45

In the fiscal year ended February 20, 1986, Makita made consolidated net sales of ¥116,489 million (U.S.\$647,161 thousand), and consolidated net income of ¥8,398 million (U.S.\$46,656 thousand). Total net sales for fiscal 1986 were Makita's largest ever.

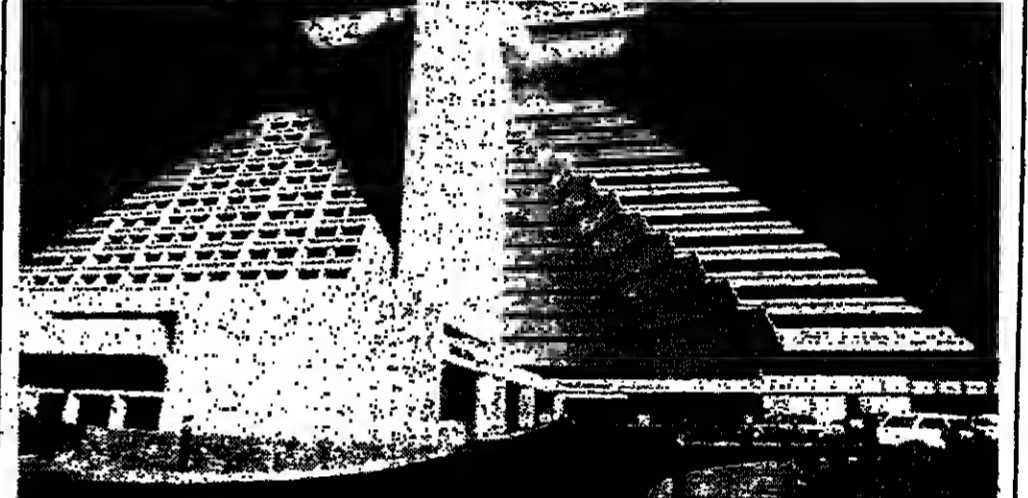
Total net sales of ¥116,489 million (U.S.\$647,161 thousand) represent a 7.3 per cent increase in comparison with the previous fiscal year. The increase was primarily due to the strong growth in the Company's sales in North America. Overseas sales rose 8.5 per cent over last fiscal year, to ¥86,248 million (U.S.\$478,156 thousand). Growth in domestic sales was weaker at 4.1 per cent, for a total of ¥30,241 million (U.S.\$168,005 thousand). Thus, as a percentage, overseas sales accounted for 74.0 per cent of total sales, compared with 73.2 per cent in fiscal 1985.

The lion's share, 60.7 per cent, of Makita's overseas sales were made in North America. Sales in Europe accounted for 19.1 per cent of total overseas sales, while Oceania's share of the total was 8.8 per cent. Together, sales in Southeast Asia and the Middle East covered 8.8 per cent, and sales to other regions 2.6 per cent of total overseas sales.

Makita's net income for fiscal 1986, at ¥8,398 million (U.S.\$46,656 thousand), was 2.1 per cent below the figure for the previous fiscal year, due to the sharp appreciation of yen value.

Net income per share was ¥58.2 (U.S.\$0.32) for fiscal 1986, compared with ¥72.8 (U.S.\$0.40) for fiscal 1985. Net income per American Depositary Share (each representing five shares of common stock) was ¥290.9 (U.S.\$1.62) for fiscal 1986, compared with ¥363.8 (U.S.\$2.02) for the previous fiscal year.

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A Statement by ALLIED STARS

CHARIOTS OF FIRE

Articles have been regularly appearing in the media both in the USA and the UK stating that Goldcrest Films were "the maker" or "the producer" or the "joint financier" of "Chariots of Fire". These statements are misleading. The facts are:-

1. Allied Stars and Twentieth Century Fox jointly financed the total cost of production of "Chariots of Fire".

2. The only amount provided by Goldcrest Films was the sum of £25,000 by way of "seed" money which was utilised to develop the screenplay. This sum was repaid in full, together with interest, to Goldcrest Films by Allied Stars and Twentieth Century Fox prior to the first day of principal photography together with a small fee.

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TECHNOLOGY

Castrol puts emphasis on greater fuel efficiency

BY MAURICE SAMUELSON

BURMAH, the British oil products company, claims significant fuel savings can be gained by using its new engine oil, Castrol Dynamax, launched this week.

1.5m developing the new oils at its research centre in Pangbourne and on laboratory, trade and field tests in collaboration with the motor industry and fleet operators.

Fuel savings can be made by running an engine on thinner oil but, as this gives less engine protection, lower fuel costs are invariably accompanied by higher maintenance charges.



Dilemmas caused by 8mm video

THE dramatic advances made in video recording technology — smaller equipment and higher quality — would have been dismissed as impossible by most engineers 15 years ago.

cassettes are incompatible with the 100m VCRs in the world which, in VHS format, represent the de facto standard. 45 per cent of TV homes in the UK, for example, are now virtually all committed to VHS software.

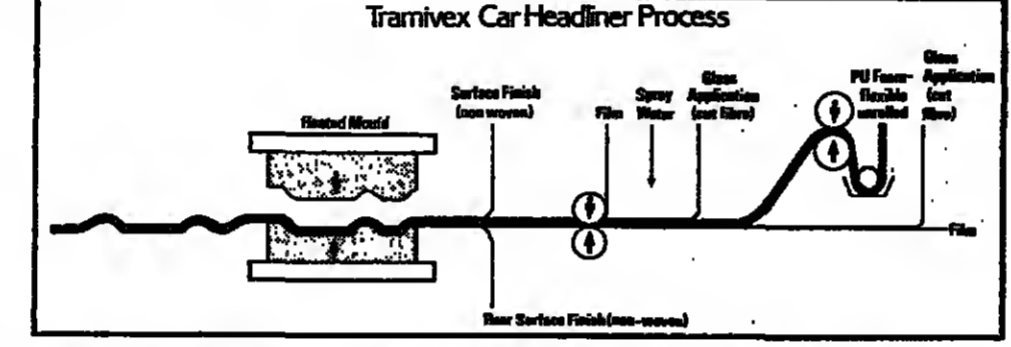
75% of County Councils use Husky Computers. Find out why on Country (0205) 668381. HUSKY MANUFACTURERS OF THE WORLD'S MOST POWERFUL HAND-HELD COMPUTERS

Car industry leads the way in composite panelling

BY GEOFFREY CHARLISH

TRAMICO, the French subsidiary of British Vita, has successfully developed the first method for the continuous production of car headliners, the internal plastic/fabric linings of motor cars.

Car headliners, as well as attractively hiding steel sheathing, also have to provide thermal and acoustic insulation and nowadays can often add strength to the roof.



through an isocyanate impregnation bath and is laid on the rovings, after which another layer of fibres is deposited.

passenger hand grips (for example) are carried out off-line by a robot.

covers, door trim panels and parcel shelves—areas where Tramico expects additional business to arise. There are possibilities for panel fabrication in other transportation and industrial areas.

It is hardly a booming market either. One of the UK's largest duplicators of UK Rank Video — has 100 Sony 8mm slave units (which Sony admits have cost Rank nothing). In the first quarter of 1986, Rank produced only 500 copies on these machines.

FILM AND VIDEO by John Chittock

The first flush of 8mm purchasers are clearly movie-makers buff for whom the incompatibility with VHS is of little consequence. Only when they want to start exchanging cassettes with friends or relatives may second thoughts arise.

NOTICE OF REDEMPTION

To the Holders of

General Mills, Inc.

U.S. \$100,000,000 12% Notes, Series A, due December 19, 1991

NOTICE IS HEREBY GIVEN to the holders of the outstanding 12% Notes, Series A, due December 19, 1991 (the "Notes") of General Mills, Inc. (the "Company") that, pursuant to the provisions of Section 7(a) of the Series A Fiscal and Paying Agency Agreement dated as of December 19, 1984 between the Company and Morgan Guaranty Trust Company of New York (the "Fiscal Agent") and Paragraph 4(a) of the Terms and Conditions of the Notes, the Company has elected to redeem on May 15, 1986 U.S. \$7,975,000 principal amount of the Notes (the "Redemption Notes") at a redemption price equal to 101% of the principal amount thereof, together with accrued interest to said date, in the amount of U.S. \$243,333 for each U.S. \$5,000 principal amount and U.S. \$486.67 for each U.S. \$10,000 principal amount as follows:

Table with columns for Outstanding Notes of \$5,000 Each and Outstanding Notes of \$10,000 Each, listing distinctive numbers and corresponding amounts.

Payment will be made, subject to applicable laws and regulations, in U.S. dollars on and after May 15, 1986 upon presentation and surrender of the Redemption Notes with coupons due December 19, 1986 and subsequent coupons attached, failing which the amount of missing unmatured interest coupons will be deducted from the sum due for payment and paid in the manner set forth in the Terms and Conditions of the Notes against surrender of the related missing interest coupons within the period of time prescribed by the applicable statute of limitations, at the main offices of the Fiscal Agent in London, Brussels, Frankfurt am Main, Paris and Tokyo, the main office of Amsterdam-Rotterdam Bank N.V. in Amsterdam, the main office of Swiss Bank Corporation in Basle and the main office of Kredietbank S.A. Luxembourg, in Luxembourg. Payments at said offices will be made by a United States dollar check drawn on a bank located in The City of New York, or by transfer to a dollar account maintained by the payee with a bank in London. No payment on any Series A Note will be made at the Corporate Trust Office of the Fiscal Agent or any other Paying Agency maintained by the Company in the United States, except as otherwise permitted by U.S. Treasury Regulations without adverse tax consequences, will any payment be made by transfer to an account maintained by the payee in, or by mail to an address in, the United States.

From and after May 15, 1986, the Redemption Notes will no longer be outstanding and interest thereon shall cease to accrue. U.S. \$35,800,000 principal amount of Notes will remain outstanding after the redemption. It is suggested that each holder consult his own tax advisor concerning his particular tax situation.

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Handwritten signature 'J. A. H. O. L. I. T. A' in a box.

MR JAMES CALLAGHAN, former Prime Minister and Cardiff MP for the past 41 years, was in expansive mood last month, as he laid the foundation stone for South Glamorgan's new county council headquarters in the city's derelict dockland.

"Cardiff is on the way to becoming a healthy and prosperous city and could become one of the great cultural centres of Europe," he told the assembled dignitaries.

The former Prime Minister set out three targets for the city to achieve by the year 2000—completion of the new county hall, securing the Commonwealth Games in 1992, and finishing the resources to construct a Welsh National Theatre and Opera House.

This would provide an essential cultural complement to the Welsh Capital's new and highly successful St David's National Concert Hall, he declared.

He could have added a fourth target—securing the 1992 National Garden Festival. Cardiff is one of four short-listed Welsh sites.

Mr Callaghan also left to his political colleague, Councillor the Rev Bob Morgan, Labour leader of South Glamorgan Council, the suggestion that the local authority's occupancy of its new headquarters might be proved short-lived and that, with devolution creeping back on to the political agenda, it would soon become the home of the Welsh Assembly.

But Mr Callaghan caught the mood of anticipation, even excitement, which currently surrounds the city's future

The Welsh capital city is anticipating changes comparable with its transformation in the 19th century, which could include it becoming one of Europe's cultural centres

Targets set for moving into the 21st century

development. It is by no means confined to one political party, an important consideration in a community where the Conservatives currently control the City Council while Labour rules the county.

Credit for initiating the comprehensive redevelopment of the 138-acre former Bute Docks area, of which the new county hall is an anchor project is credited to the late Mr Michael Roberts, MP for Cardiff North West and a proud ambassador of the city.

The story goes that Mr Roberts drove Mr Nicholas Edwards, Secretary of State for Wales and his Ministerial boss at the Welsh office, around the Bute Docks area, which is only half a mile from the existing city centre, not long before Mr Roberts's tragic death at the House of Commons dispatch box.



Mr Edwards mobilised the Welsh Office and the Land Authority for Wales to pick up the ball and run with it, and the local authorities responded.

By the time the overall Bute Docks scheme, which includes housing, leisure, high-tech workshop facilities and new access roads as well as a new county hall, is completed, a total of some £115m will have been invested in revitalising the area.

Even so, it could prove to be only a start. Last autumn Mr Edwards initiated steps which could lead to even more dramatic change—the transformation

of the Welsh capital into a waterfront city.

Between the city and Penarth lies a large area of estuarial mudflats which, given the construction of a marine barrage, could be turned into one of the largest expanses of inland water in an urban setting in the whole of Britain.

To explore its potential, Mr Edwards last autumn commissioned two consultants' reports. One, from Wallace Evans and Partners of Penarth will spell out the feasibility of building a barrage to enclose the estuaries of the Taff and Ely rivers and create a lake.

The other report will be by the international property consultants, Jones Lang Wootton, who have been asked to assess the possible effects the barrage could have on land values, recommend means of private investment to develop the area, and suggest ways in which the city might be given a higher international profile.

Mr Edwards is said to have in mind something comparable with the Eiffel Tower or Sydney Opera House—an architectural symbol which would be permanently linked in the public mind at home and abroad with the capital city of Wales.

The reports are due to be completed soon. Assuming they are favourable and prove acceptable to Mr Edwards, Cardiff will be on course for a change comparable with that which occurred when the Marquis of Bute and his family first built their docks at the mouth of the River Taff 150 years ago.

It was then that Cardiff's transformation from a small town into today's capital city with a population of some 250,000 got under way. The Bute docks and their railways to the Glamorgan hinterland allowed the vast reserves of coal, found in over-increasing quantities in the South Wales valleys, during the 19th cen-



David Lloyd George's memorial (above) stands in the trees of Cathays Park, while the St David's Shopping Centre (left) has brought the greenery indoors



Playtime for Cardiff children, who will enjoy a wide range of new leisure developments as adults

ing facilities and the parks and open spaces. One can see that Cardiff is benefiting greatly from its capital status.

It has amenities and facilities usually found only in a city three times its size.

Combined with the city's past as an international port and, then provincial industry centre, they have produced an urban community of unusual complexity and interest.

There are Cardiff people who still regard Wales as the wild country beyond the city's northern suburbs. There are others, notably in Cardiff's extensive television and radio industry, now one of the largest media centres outside London, who lead most of their cultural life through the Welsh language.

Meanwhile, the dockland area known in other parts of the world as Tiger Bay but in Cardiff itself as Burtown, has one of the longest-established mixed-race immigrant communities in Britain.

The absence of a homogeneous identity probably contributes to an image problem which many Cardiff residents themselves are the first to acknowledge—not least Mr Harry Crippin, the City's Chief Executive and a Mancunian who



Cardiff

freely admits that he had never visited Cardiff before he arrived to be interviewed for the job.

"My notions were all wrong," he says. "I assumed it would be mainly slag heaps and industrial depression. Instead I found a thriving, buoyant city and a progressive local authority."

On the other hand, fulfilment of Mr Callaghan's targets and Mr Edwards's ambition to create a waterfront city of some character should put paid to the old industrial image problem. Indeed, the problem could become one of success.

More recent casualties of industrial restructuring include the outright closure of the Cardiff Land Rover plant.

Today's prosperity stems from the city's enormous growth as a regional centre for services and administration. It is increasingly forgotten that Cardiff only became a city in 1905 and was not designated the Welsh capital until 1955. Before the matter was decided, historic Caernarfon used to feel it had at least an equal claim. Before the war, too, the Welsh rugby internationals were played in Swansea.

Contemplating the Welsh Office and other government departments, the many commercial regional offices, the fine shops, the University College, the Institute of Science and Technology, the Welsh National School of Medicine located on the highest hospital campus in Europe, the rich cultural fare, the growing array of top international hotels, national sport-

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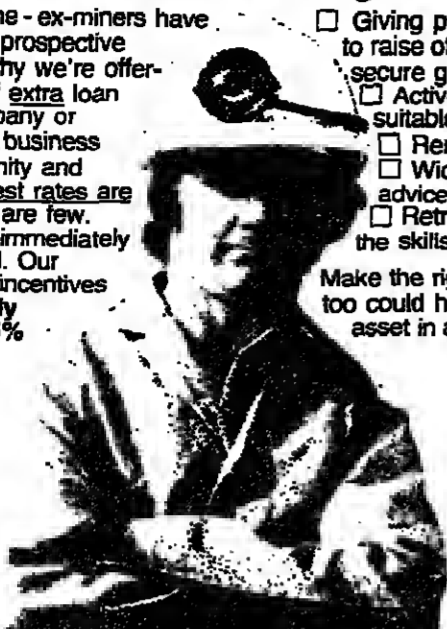
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Fight for more male jobs to counter decline

TO THE left of the M4 motorway as it sweeps across the Taff valley in Cardiff's northern outskirts lie two fine modern factories.

One is Amersham International's architectural prize-winning radiochemical manufacturing plant, recently expanded to create another 400 jobs and maintain Amersham's share of the world market for isotope products.

The other is the AB Electronic Product Group's new plant dedicated to the production of electronic devices for the new Jaguar and Rover car ranges, creating 300 jobs.

Amersham was one of Cardiff's most important investment projects during the 1970s. The company wanted an expansion location which had the right environment and amenities to attract key staff, a good academic base, training and research back-up, and easy access to Heathrow airport, the export point for most of its products.

AB's expansion is more home-grown. The company arrived at its Abercynon headquarters in the West valleys to assemble radio components shortly after the second world war. During the 1980s it has surged forward as one of Wales's fastest growing companies, seizing the opportunity of its long experience in the electronics industry to expand dramatically, at home and abroad.

Equally impressive has been AB management's success in coping with the sharp downturn in demand for home computers, by a growing diversification into automotive and defence-related electronics.

Other big projects over the past decade include Matsushita's National Panasonic subsidiary, which is continuing to grow in both product range and employment, and Autophon (UK) (previously Cordial) which has established a highly automated plant to manufacture telecommunication equipment creating 250 jobs.

On a smaller scale, Cardiff has also attracted a number of biotechnology ventures, among them Biotechnica.

But almost 40 per cent of South Glamorgan's manufacturing jobs were between 1971-81.

service industries and as manufacturing created some 11,000 jobs from 1981-85, but these were offset by some 10,500 redundancies.

For all its growth as a regional commercial and administrative centre, Cardiff is anxious to attract manufacturing jobs. The manufacturing sector accounts for only 15 per cent of employment opportunities.

Although some well-established local industrial employers such as the JPM group have been able to expand their workforce, the general trend has been towards fewer industrial workers.

In spite of closure of BSC East Moors, the city's association with the steel industry is continuing thanks to Allied Steel and Wire putting remaining steelmaking and rolling capacity back onto a profitable footing.

Industry

The company, set up by GKN and BSC, has turned losses of £24m a year to profits by setting out to match the most efficient standards in Japan and West Germany. With very little extra investment, it is producing more steel with 500 people than it made a few years ago with 5,000.

In such circumstances Cardiff needs more male jobs. Unemployment is some 14.3 per cent, or nearly 30,000 people, but male unemployment is nearly 20 per cent (21,700), compared with female unemployment of 8.7 per cent (7,600). In some areas around the docks more than 30 per cent of men are out of work.

The Government has removed the development area status granted to the city in the early 1970s, although it continues to enjoy intermediate area status, enabling industry to select financial assistance and providing the city with continued access to EEC funding.

Since 1978 South Glamorgan has attracted EEC grant assistance of some £30m towards 85 projects involving investment of about £100m.

PROFILE: JPM GROUP

Trivia pursuits hit jackpot

LAST December the JPM group, Cardiff-based manufacturers of gaming machines, launched its first model range into a market which, the company is convinced, will soon add an important new dimension to its business.

The idea of exchanging the fruit and barrels of the now traditional "AWP" (Amusement With Prizes) machines for general knowledge questions originated in the US.

But, as befits a concern which has grown from a small machine repair business in the early 1970s into one of Cardiff's most successful companies and market leader of Britain's now electronically-advanced industry, it was JPM which devised a system of payouts of up to £10 for players applying the right game strategy as well as coming up with the right answers.

JPM has decided to produce both types of machine. The prize-paying model is called Treasure Trail and the non-prize-paying model is based on generally-understood principles of noughts and crosses and quiz games and are designed to be updated regularly by JPM's distributors, new questions being sent out to customers on floppy discs.

The company has already acquired additional premises to assemble the new range. Output of what JPM calls its SWP (Skill With Prizes) machines is already running at 100 units a week.

SWP machines are only the latest in a series of remarkable changes which have occurred in the gaming and amusement machine manufacturing industry in the past 15 years.

During that time JPM has risen from obscurity to dominate the industry. In the past six years it has achieved a six-fold increase in its turnover to its current level of some £30m.

Mr Jack Jones, JPM's founder and managing director, recalls that when he started a gaming machine sited in the premier AWP market place—the public house—would need to be changed only once in six months. Even five years ago the turnover was only three to four machines or games a year.

Now, to keep up with fashion and maintain the customers' interest, the offering has to be changed every six to eight weeks. This means that JPM is now designing manufacturing and distributing up to 15 different models a year. Even so, market research



responsible for most of the manufacturing as well as research and distribution. The major exceptions are the printed circuit board assemblies, which are bought in from sub-contractors who use electronic components first vetted by JPM.

Significantly, a high proportion of the electronics are designed to detect outside interference rather than control the game. Fraud, like the games themselves, is becoming increasingly sophisticated.

JPM recently became the first UK company to satisfy the rigorous vetting procedures introduced for Reno, in the US, by the Nevada State authorities. This provides JPM with a credential acceptable to the casino industry world-wide and should help to accelerate its export growth.

Developing export markets for products which in most countries are subject both to the vagaries of fashion and strict government regulations is never easy. Even so, last year about 15 per cent of JPM's sales was exported, some 90 per cent of them to the Netherlands and 8 per cent to Switzerland. The remaining 2 per cent was split between Austria, Ireland and the Republic of Ireland.

One of the advantages of the non-prize paying trivia machines just launched by JPM is that they are not subject to gaming regulations. They therefore offer the company the opportunity to establish an immediate presence in new markets and to open the way for the later introduction of its full product range.

suggests that only one in 10 pub customers play AWP machines. Part of JPM's excitement over the introduction of its SWP range is that research is showing that the people who try their hand at the general knowledge questions are from among the non-users of fruit machines.

Until 1978 JPM's machines were electro-mechanical. But in that year that they went electronic and opened the way for not only more reliable machines but for the introduction of a host of new features such as the backward nudge and independently-driven reel.

Such has been the growth in electronic wizardry that the technology of today's gaming machine is more complex than that of a television set.

JPM is proud of its 60-strong research and development team (out of a total staff of 300), who have electronic hardware and software engineering skills which are the envy of the company's rivals.

Its willingness to plough back large sums into research and development and capital equipment—this year it is spending some £1.7m in that direction—is clearly one of the secrets of JPM's success.

The industry is fiercely competitive and unforthcoming about market shares, but JPM is acknowledged to have somewhere between 55 and 70 per cent of the AWP market in Britain.

Another two significant names are Mergay and Ace Coin at Llantrisant, a few miles from Cardiff. JPM's Cardiff factories are re-

CARDIFF 2



Relaxing outside the St David's Centre, where Peacock has opened a store

PROFILE: PEACOCK STORES

Peacock is strutting

PEACOCK STORES, the Cardiff-based, family-owned retail clothing chain, has begun a programme of expansion to increase its outlets from 60 to 90 over the next few years.

The immediate target is an additional 10 stores this year, bringing the total to nearly 70. Two have already opened, including a 4,000-sq-ft unit in the city's St David's Centre, the premier shopping area.

The other is an 8,000-sq-ft store at Ashford Kent, which complements outlets opened in the past two years at Orpington and Gillingham Kent.

"Having our own transport fleet, which makes weekly deliveries throughout the southern half of the UK, it makes economic sense to develop regional clusters of stores," said Mr Robert Peacock, the company chairman.

The company's traditional territory is South Wales, where it has 23 stores known for their basic clothing at bargain prices.

Much of the company's recent growth has been in South East England. Over the past three years the number of retail outlets has doubled and turnover has risen to some £28m.

"Although we are still looking for sites in South Wales our major growth must continue to be along the M4 corridor, the South East and South West England. We are anxious to acquire more sites and small retail groups," says Mr Peacock.


He stresses that the company has a young management team, computer control and warehousing to serve many more shops without incurring further capital expenditure.

Expansion has also coincided with the cultivation of a younger, more upmarket image and generally more aggressive marketing.

The stores now sell a wide range of own-label goods and recently adopted a new peacock-coloured company logo and stores livery. The product range was also extended.

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CARDIFF 3

Planners take a strong stand

MR EURYLL DAVIES, Cardiff's planning and development officer, has worked in seven towns and cities during a long career in local government, but he does not recall a period of so much activity on a broad front as is taking place in Cardiff.

Projects vary from small expenditures on the city's growing number of conservation areas, to the proposed Taff barrage scheme. These are producing, or promising, changes in the environment which will significantly alter perceptions of Cardiff, and its commercial, industrial and residential life.

Mr Davies is a vigorous proponent of the value of planning laws in making towns and cities economically self-sustaining but which also work socially.

He is deeply concerned over the growth of large out-of-town shopping precincts, arguing that if there is no limit, the viability of central area retailing will be undermined, leading to creeping dereliction and decay. This will breed vandalism and breakdowns in law and order, he warns.

Cardiff City Council and South Glamorgan County Council have tended to operate a firm planning regime. For example, a superstore development by Tesco at Gylverhouse Cross, on the city's western outskirts, which would complete an encirclement of the city with superstores, was given the go-ahead only on appeal to Mr Nicholas Edwards, the Welsh Secretary.

Property

The City Council also opposed a £25m central area retail development by Guardian Assurance, on the grounds that it would hit other shopping and was backed by Mr Edwards. Informal discussions are taking place on a revised scheme.

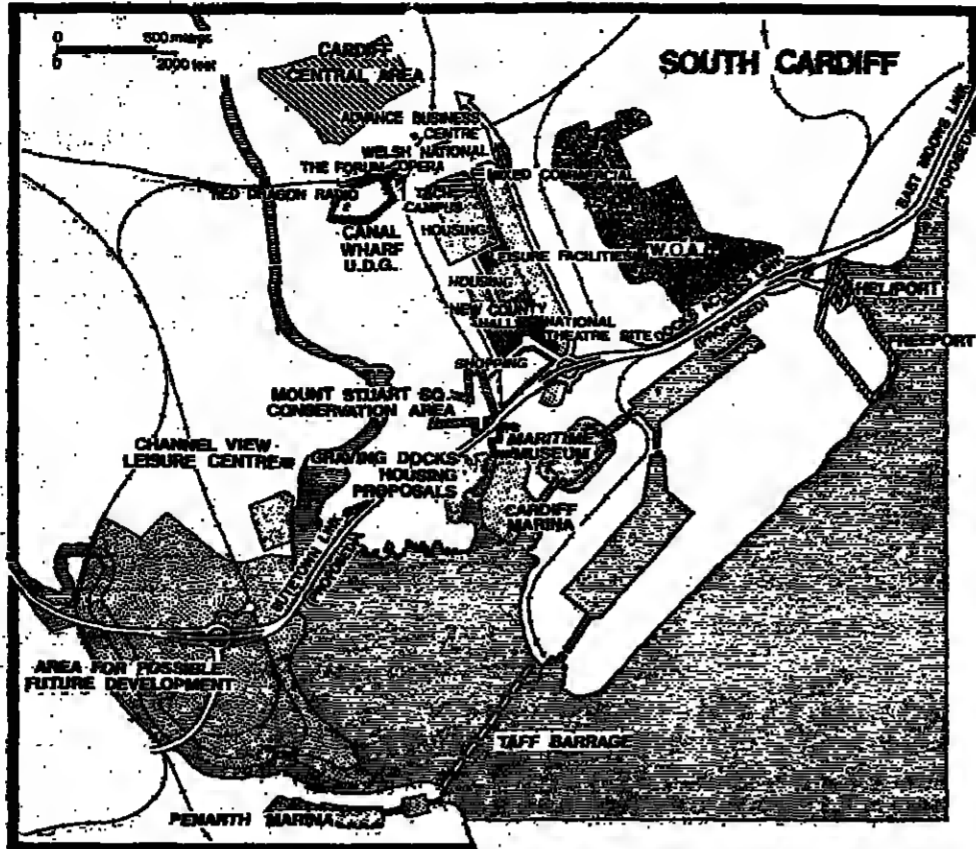
In the meantime a series of developments should all but complete the reconstruction of the city centre, which began in 1979 and has resulted in some 500,000 square feet of new shopping space.

Developments include Holiday Inn of Canada's Edge hotel, to be officially opened in July, the Welsh National Ice Rink, due to open in the autumn, and the new Cardiff Central Library, in which tenants have already taken three of the 13 retail units.

A few well-located office developments, above all the Fitzalan Court scheme started by local building consortium Campaign Properties, have found tenants at rents above the City's previous maximum. This is in spite of the 300,000 square feet of empty office space overhanging the market.

Fitzalan Court has demonstrated that there is a market for offices tailored as regional headquarters. It involves nine buildings totalling 198,000 square feet, and virtually all pre-let at rents above £8.50 a square foot.

Rejecting the notion that Cardiff is over-supplied with offices, agents Cooke and Arkwright note that two other developments, Longcross Court and Windsor Court are now largely let, which takes up some 200,000 sq ft of new space. New schemes totalling a further 100,000 sq ft are now being drawn up.



Law enforcers move in to ensure land assembly

ACROSS THE road from the Holiday Inn is the Cardiff Customs House, which has been through a £70,000 transformation by the Land Authority for Wales (Law) as its new headquarters.

Mr Nicholas Edwards, the Welsh Secretary, found the authority extremely useful for assembling land for the East Bute Dock redevelopment scheme, which lies less than a quarter of a mile away from the new headquarters.

It was created by the last Labour Government with the aim of ensuring a steady supply of development land for the building industry. Its popularity with small Welsh builders in assembling sites and sorting out land title problems which had held up development, enabled Law to survive when the Conservative Government repealed the Community Land Act under which it was formed.

East Bute Dock

redevelopment. The area being redeveloped extends to 123 acres, including the 42-acre expanse of water which was once the East Bute dock and which is to be retained as a key feature.

A few old buildings which remain from the area's heyday as a port will be restored and adapted. But most of the area is being cleared for 750 houses, a 65,000 sq ft district shopping centre, a 63,000 technology campus, 35,000 sq ft of leisure facilities and a new South Glamorgan county hall. This is a pagoda-type building which will extend to nearly 250,000 sq ft.

Sites have also been earmarked for a national theatre/opera house and a primary school. If the re-assembly can be found, Tarmac Construction is the principal developer but construction of the county hall is

being managed by Norwest Hotel. By the time the scheme is completed, Tarmac will have spent some £48m on the development partly offset by £8.5m urban development grant. This is the aid introduced by the Government to encourage private sector redevelopment of problem areas.

It has taken almost three years from conception to the point where bulldozers moved in, but construction is now going ahead. Tarmac plans to have its first houses on show in the autumn and the county hall is on target for completion in 27 months.

With South Glamorgan spending £36m on new roads, and miscellaneous items adding up to a further £15m, the total investment in the area of redevelopment over the next few years will be about £115m.

It promises to bring back to life the area which was once the engine room of Cardiff's growth and prosperity, but which has lain derelict for decades.

Barrage of developments

LARGE-SCALE development is being contemplated with the proposed construction of a barrage across the mouth of the river Taff, between Penarth Head and the entrance to Cardiff docks.

The large fresh-water bay which would be created in place of the acres of mudflats would be the focus for the redevelopment of docklands area, turning the Welsh capital into a waterfront city.

About 1,000 acres is being studied, making this a bigger proposition than most other international waterfront redevelopments such as Baltimore in the US, suggested as the model for Cardiff. It would be far bigger than any UK scheme apart from the London docklands.

Mr Nicholas Edwards, the Welsh Secretary, is awaiting reports of studies by two consultancy firms.

Wallace Evans and Partners of Penarth will spell out the technical feasibility of the barrage. International property consultant Jones Lang Wootton

Waterfront City

will show the impact the barrage could have on land values around the new bay and what incentives would be required to attract the large volumes of private capital to redevelop such a large area. JLW will also comment on what might be done to give Cardiff a higher international profile.

Mr Edwards will need to give his reaction to the reports within weeks, because South Glamorgan County Council needs to decide quickly how its new southern peripheral link road will cross the Taff.

Legislation going through parliament provides for either a bridge or a barrage. Assuming that the Bill is not further delayed by objections from the Royal Society for the Protection of Birds (a consideration which also affects the more ambitious scheme) the county would not want to build a barrage if another is to be

constructed at the mouth of the river. Ideas floated include a development such as the Rhyd Sun-centre astride the barrage, and an island for a Welsh National Opera House.

On a less ambitious plane, the site for a steel port (shortly off and landing airport) suggests itself along the foreshore between the barrage and the freeport. This would enable businessmen to be in the City of London in little more than one hour once the London docklands' stopgap opens next year.

Associated British Ports has indicated that its Roath Basin might be released for conversion into a yachting marina.

In property development terms there are some major headaches, including oiltanks and other industrial and port-related premises. A large part of the area on the west of the proposed bay has been used as Cardiff's rubbish tip for 15 years.

The public money required over a sustained period, to get the land and infrastructure into a state where private capital is ready to carry the whole scheme forward may prove too much for a Government committed to reducing public expenditure.

The rubbish tip area has been shortlisted as one of four Welsh sites for the 1992 National Garden Festival which would mean aid for cleaning up the site. But the choice of Cardiff would be difficult politically.

Such a large redevelopment could damage Cardiff's centres of commerce. There is also the threat to the docklands' communities, already in difficulties because of the decline of jobs.

Against this background, there is some alarm over Mr Edwards' decision to take legislative powers to establish development corporations in Wales or to adapt an existing body.

The Land Authority for Wales has already been discussed as a possible vehicle for presiding over the barrage scheme and related redevelopments.

But it is a political hot potato. There would be deep resentment within Cardiff's local authorities over a further erosion of their powers. Mr Edwards has stressed that the legislative powers are precautionary and that he values the co-operation of the local authorities.

The point is being made in Welsh Office circles that neither city could call on either a land authority nor the multi-functional authority such as the Welsh Office to back up the redevelopment.



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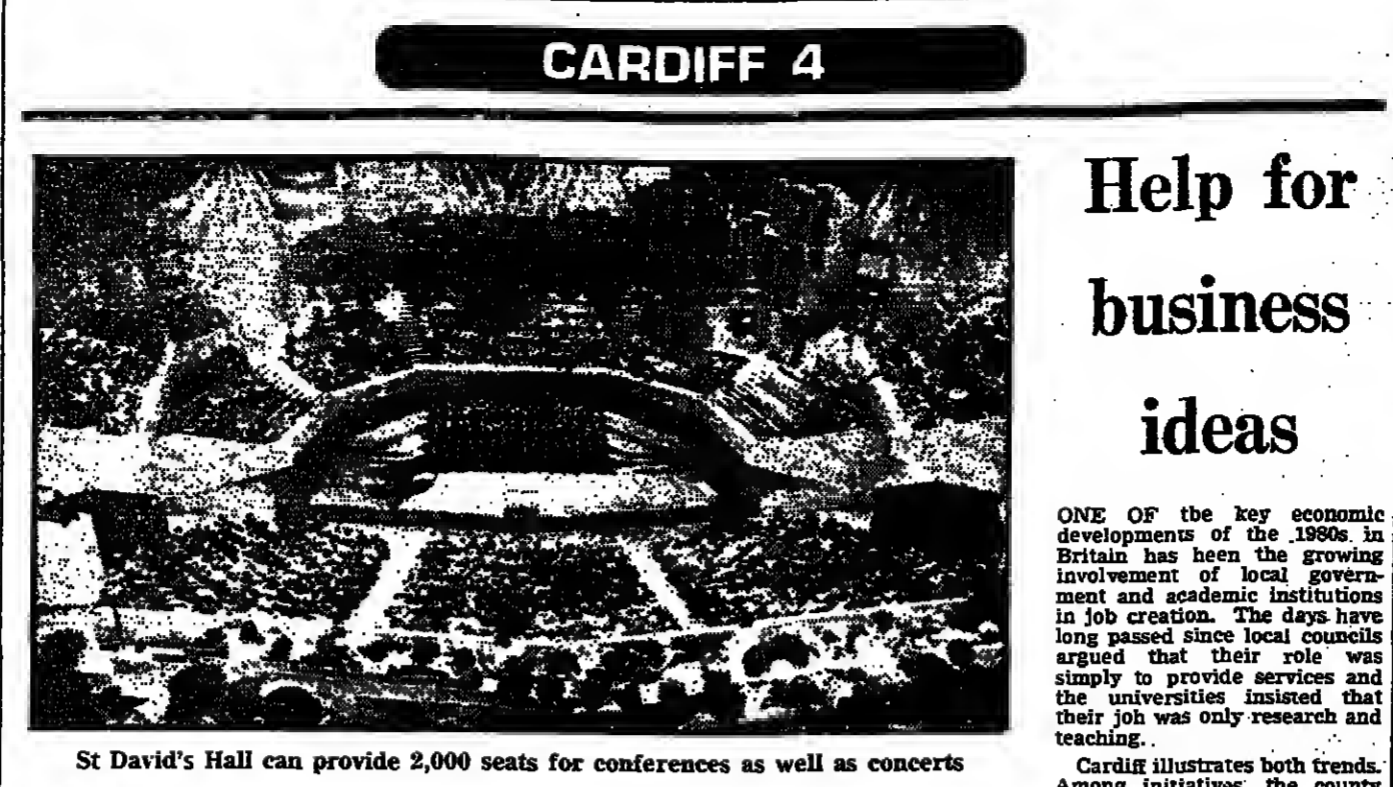
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CARDIFF 4

Help for business ideas

St David's Hall can provide 2,000 seats for conferences as well as concerts

More room at the inns

CARDIFF'S prestigious Angel Hotel, famous throughout Wales and the world (at least among rugby enthusiasts) as the place where international rugby teams stay for their appearances at the legendary Cardiff Arms Park, is immediately opposite, has just been given a £1.3m facelift by its owners, the Norfolk Capital Hotels Group.

The refurbishment has been designed to bring the hotel's bedrooms and facilities up to modern four-star standards and, in the words of Mr Peter Eyles, group managing director, "maintain the Angel as Cardiff's premier hotel."

It is also an acknowledgment that a powerful new competitor has just descended upon the Welsh hotel scene in the shape of Holiday Inns of Canada. Its new £8m Cardiff Holiday Inn of 190 bedrooms will open its doors for custom in a matter of weeks.

Holiday Inn's arrival was first rumoured in the 1970s. But it took the opening of Cardiff's St David's national concert hall, a substantial urban development grant from the Welsh Office, and signs of an end to the recession, before the go-ahead was finally given.

The Cardiff Inn is strategically located in the heart of the central area, half way between the Cardiff mainline station and the St David's Hall. Its opening will increase to 900, the number of beds in the Welsh capital enjoying four-star or three-star category.

Cardiff has long enjoyed an ample supply of visitor accommodation. There are another 700 beds in smaller hotels and guest houses and the university colleges' halls of residence are used out-of-term time. But an

adequate supply of first-class hotel accommodation is essential in Cardiff's drive to build up big-spending conference and tourist business.

The new Holiday Inn, as part of a worldwide chain, is also plugging the city into the international tourism circuit, thanks to its intimate connections with the North American travel trade, an asset which the city's other major hotels, despite their fine qualities, do not have.

As a general rule, Cardiff hotels have tended to enjoy adequate business during weekdays but suffer from insufficient trade at weekends.

It was because of this increased contribution which tourism can make to the local economy that the city council decided recently to create a Cardiff Convention/Tourism Bureau.

The St David's Hall, opened in 1982, has provided a major boost to the city's conference business enabling it to cater for meetings with up to 2,000 delegates for the first time.

Because the location of most major gatherings is decided several years in advance, it has taken time for the city's conference business to build up. However, according to Mrs Sally Hart, the city Council's conference officer, 35 major gatherings and many other smaller meetings are now in the pipeline.

The build-up of conference business, which this year is estimated to be worth some

£3m to the city, is also being assisted by the St David's Hall's greatest popularity with broadcasters. The home of the BBC Welsh Symphony Orchestra it has exceptionally good orchestral acoustics.

St David's Hall's main problem in seeking to maximise its conference appeal is a relative lack of exhibition space compared with its rivals. However, a scheme is afoot to put this right by converting the adjacent central library building, shortly to become redundant, to provide up to 10,000 sq ft of exhibition space and possibly a small lecture theatre. These would occupy the building's upper two floors and be linked to the hall by a walkway. The ground floors would house the new marketing bureau and possibly an arts centre.

Execution of this scheme cannot be started until the library is moved into a new home, 100 yards away. But the scheme is expected to be ready in time for conferences in 1990.

In international tourism terms, and even for the domestic visitor, Cardiff has never been thought of in the same terms as London and Edinburgh. Yet, within the city, there is an unusual variety of attractions to suit most tastes. They include Cardiff Castle, the Welsh National Museum, the Welsh Industrial and Maritime Museum on the one hand, and a fine array of shopping arcades on the other.

A new attraction, just introduced, is a conducted tour of the national rugby stadium. Another scheme under preparation is the construction of a £1.25m Wales Railway Centre, adjacent to Bute Street railway station.

ONE OF the key economic developments of the 1980s in Britain has been the growing involvement of local government and academic institutions in job creation. The days have long passed since local councils argued that their role was simply to provide services and to the universities insisted that their job was only research and teaching.

Cardiff illustrates both trends. Among initiatives, the county authorities have set up a workshop, with crèche, to train unemployed women in new information technologies. They have commissioned a study of Cardiff's expanded broadcasting and media services in the wake of the creation of the Welsh fourth television channel to look for ventures which could be filled and so create jobs.

The county is also co-operating with developers to sponsor apprenticeships and training in building to ensure that unemployed youngsters benefit from jobs created by the docklands redevelopment schemes.

This came through strong pressure from Mr Paddy Kition, chairman of South Glamorgan economic committee and his wife Caynor, representatives for the docklands community on the county and city councils respectively.

Cardiff and Vale Enterprise (Cave), the local enterprise agency, is one of the largest of its kind in the country. It is enthusiastically supported by South Glamorgan County and Cardiff City councils, as well as the business community.

Job Creation

Mr Peter Fortune, Cardiff's industrial development officer, is working with eight executives, mainly seconded from industry with a range of skills to encourage new businesses and ultimately more jobs.

Since Cave was launched in 1982-83, it reckons to have played a significant role in assisting business ventures which will create about 2,500 jobs by the end of this year. At an estimated cost per job of £150.

A survey by Business in the Community of 236 Cava clients - the agency averages 25 new ones a week - suggested that without assistance 11 per cent would not have started in business, 9 per cent already in business would have gone to the wall, 23 per cent of start-ups and 15 per cent of existing companies regarded its role as essential to helping to create or save jobs; and double that proportion considered the agency's role "useful" in that same capacity.

According to Mr David Davies, the managing executive, there has been a failure rate of less than 5 per cent among the businesses assisted by Cave compared with a norm of more than 30 per cent.

Cave is not just interested in promoting conventional businesses, the managing executive, Davies, is assisting the setting up and running of co-operatives. Another works on problems associated with innovation of new products, building of prototypes, patent law etc.

The City Council has one group of workshops, the Douglas Innovation Centre, set aside for innovators or small technical businesses. It also provides up to £4,000 grants towards innovative projects which have a reasonable chance of providing jobs.

Innovation as a source of job creation lies at the heart of the activities of Cardiff University Industry Centre and its manager, Mr Clive Jones, has been identifying, developing and exploiting innovative projects conceived within the university's scientific departments for seven years.

It has adopted 35 projects, 10 of which have reached the commercial launch stage, five launched as new companies, and two licensed to local companies as new products.

Mr Jones calculates that the successes have created or sustained 164 jobs and that the new companies have considerable scope for further job creation within three to five years of the start of the company.

This may seem modest, but the launch rate of 28 per cent compares with an accepted average for UK industrial research and development of less than 5 per cent of development projects going commercial that the average period between idea and product is eight years, and that profits on those that survive are usually earned three to five years later.

Mr Jones says that the centre has suffered two big problems. One is the time taken to raise venture capital - which he hopes will be eased by this month's launch of the Cardiff Consortium. The other, less easily solved, is obtaining management for new companies who are experienced in launching innovative ventures.

One-stop shop for starters

"A REFRESHING alternative to the more traditional London and Edinburgh-oriented venture capital network" was how Mr Ron Sheldon, investment director of Charterhouse Japhet Venture Fund, describes the "Cardiff consortium."

Launched earlier this month at the initiative of the Welsh Development Agency, the consortium has brought together six leading venture fund groups into partnership with the agency to provide risk capital for industrial start-ups and expansion projects of £100,000 and more.

Members of the consortium are Charterhouse Japhet, Citicorp Venture Capital, Development Capital Group, English Trust Company, the Welsh Venture Capital Fund and the WDA.

Mr David Waterstone, WDA managing director, says that the idea is to provide a one-stop shop for projects looking for venture capital. Our longer-term aim is to encourage a growing financial services industry in the Welsh capital," he says.

Projects sent to the consortium's office at the WDA's Cardiff headquarters will be circulated to all the consortium members within, it is hoped, 24 hours.

Small investments will generally be backed by one member, while large ones are syndicated among the group. At the same time, the consortium will not be limiting its business to applications from present or

prospective Welsh-based ventures. It will be ready to look at applications from anywhere in the UK. However, only those located, or planning to locate, in Wales will also qualify for the WDA's back-up services.

Behind the initiative lies a belief that one of the handicaps Wales has suffered in seeking to modernise its economy has been a lack of access to a local venture capital market, and that there is a prejudice in the City of London against investing in Wales and Britain's other traditional industrial areas.

attractive projects should be fiercer.

Cooper & Lybrand is alone among the big City accounting firms in having established a fully-fledged management consultancy department in Cardiff, another essential ingredient if Cardiff is to have a comprehensive professional services sector. The management consultancy is headed by Mr Jim Driscoll, former industry director at the Welsh Office.

The other seven major UK accounting firms have an established presence in Cardiff and have long expanded the range of services they offer beyond auditing. A typical initiative has come from Touche Ross. It has just published a booklet advising small companies on how to write a business plan.

It is written by Mr Stuart Lindsay, a partner in the firm's Cardiff office, based on his experience during a recent period of secondment to the Welsh Office to help process companies' applications for assistance.

The belief that the Welsh economy would benefit from a stronger local financial sector inspired the setting up of the Commercial Bank of Wales in the early 1980s. The bank's assets in excess of £100m, the bank has this year established an autonomous subsidiary, Business Centre Wales, to offer a selected range of merchant banking services to local companies, including business consultancy, computer services and support for raising equity and debt finance.

Corporate legal services, once the virtual monopoly of London firms of solicitors, are also now coming in to their own in the Welsh capital. One feature of a takeover battle between John Williams and Wynnham, two Cardiff companies, was that the legal advisers on each side were Cardiff-based.

Mr Michael Jones, of Hugh James Jones and Penhays, and Cardiff spokesman for the Law Society, says that there has been a dramatic change in 20 years. When he had started in the profession there had been only one Cardiff firm with more than five partners. Today there are at least five with more than 15 partners, allowing for the growth in specialist departments.

Mr Jones says that telex and the growth in other data communication services mean that Cardiff firms can quickly get written specialist advice from quarters which, only a few years ago, would have required a personal visit.

Venture Capital

Last year, Mr Nicholas Edwards, the Welsh Secretary, launched a bitter attack on the City financial institutions for their attitude. According to a recent investigation, the WDA funds carried the main burden of providing venture capital.

Among other benefits, the consortium should absolve the WDA from the charge that it has been crowding out private sector venture capital by offering slightly more favourable terms, since it deals with taxpayers' rather than borrowed money.

There are others involved in the venture-funding business in Cardiff who are sceptical of the suggestion that the City, or even the relatively under-funded Welsh-based projects, is to blame for at least part of Wales's economic problems.

Mr Charles Richardson, 31's Cardiff manager, says that there has always been abundance of money for viable projects. His long-established Welsh office has approached £30m invested in Welsh industry.

It counts among its investment successes the Laura Ashley fashion group. He also points out that all the commercial banks now have venture capital subsidiaries.

Mr Hywel Jones, of accountants Coopers & Lybrand, also argues that local venture capital is not really a problem. With London only two hours away by train, he has been able to channel a good deal of venture funding into Welsh-based projects by frequent visits to pension fund managers in the City.

He says that this has enabled him to put together half a dozen management buy-outs in the past six months, the most recent involving funding of £6.65m.

Mr Jones welcomes the creation of the Cardiff consortium. He suggests that it could enable clients seeking venture capital to negotiate a better deal since the competition for

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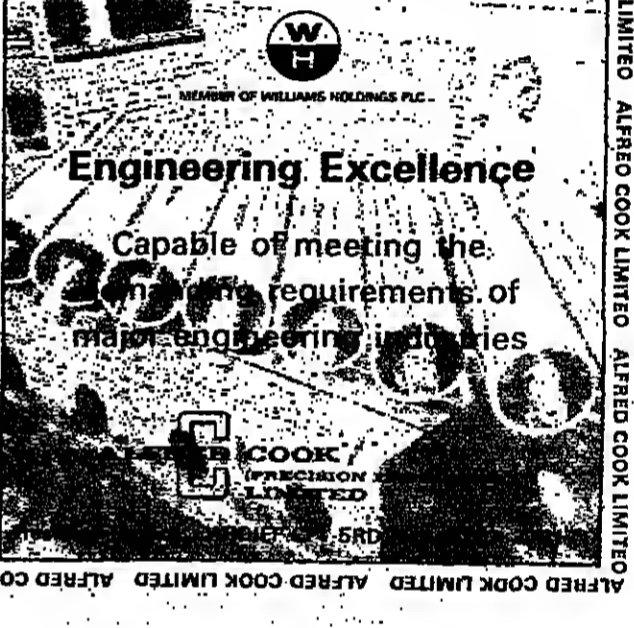


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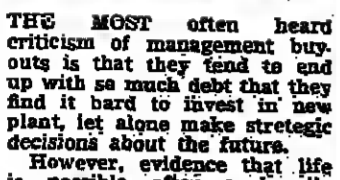
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THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

Life beyond a buy-out

William Dawkins re-visits a Cornish printer



THE MOST often heard criticism of management buy-outs is that they tend to end up with an owner who is not interested in the business...



Cliff Brown, managing director (left) and Ken Wells, production director, trying to broaden the customer base

Stationery Office, placing it in a vulnerable position in an industry that is only growing at 1 per cent a year...

That Roffs Print has survived the triple strain of having to undercut rivals and invest in new machinery while carrying too much debt is in part due to the old-fashioned good housekeeping practiced by Brown and his newly appointed finance director, Mike Murphy...

From the bureaucracies of its big customers unless somebody is on hand to chase them. But Brown is keenly aware that releasing the cash to buy more modern equipment is futile if plant is used inefficiently...

Risk capital 'normality' fears

William Dawkins, in Washington, reports on changing attitudes of venture capitalists following a recent industry shake-out

THE US venture capital industry has emerged from the worst shakeout that even its most experienced practitioners can remember...

Just over 600 of the US risk investment industry's top players met in Washington last week for the annual conference of the National Venture Capital Association...

that if the industry's past volatility was anything to go by, this period of normality will be brief...

Ackerman of J. H. Whitney and Co. David Hathaway of Venrock Associates, which manages the Rockefeller family's private fortune, pointed out that while there was no shortage of risk capital for top quality enterprises...

One reason put forward for the recent problems of US venture capital was an indiscriminate rush into risk investment by a large number of new fund managers...

Delegates agreed that in the past too many funds had backed too many similar and competing businesses in areas like semiconductor manufacturing...

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Notice is hereby given that, pursuant to the provisions of the clause "Status of the Bonds" of the terms and conditions of the Bonds, Copenhagen Handelsbank A/S (the "Bank"), has elected to subordinate the Bonds with effect from May 15, 1986, will constitute direct, unconditional and unsecured obligations of the Issuer ranking as subordinated debt. The Bonds will then rank pari passu without any preference among themselves with all other present and future subordinated debt of the Bank. Banque Internationale a Luxembourg Societe Anonyme Fiscal and Principal Paying Agent Dated April 29, 1986

Company Notices

SOCIETE GENERALE DE BELGIQUE GENERALE MAATSCHAPPY VAN BELGIE Public Limited Company

Incorporated in Brussels by Royal Decree on 28 August 1922 Registered Office: 30 rue Royale, 1000 Brussels. Trade Register Number: Brussels 17,457. The Management is pleased to invite shareholders to attend the company's AGM on May 28, 1986, at 10.00 AM. AGENDA: 1. Report by the Board of Directors and Auditors' reports for 1985; 2. Approval of the company's annual accounts; 3. Discharge to members of the Board of Directors and Board of Auditors; 4. Appointment of the Board of Directors - nomination of members and fixing of their fees; 5. Approval of the Board of Directors' report on the Extraordinary General Meeting held on 22 April 1986. The Extraordinary General Meeting held on 22 April 1986 was held pursuant to the statutory provisions and was validly constituted and the resolutions passed thereat are in full force and effect. AGENDA: 1. Report by the Board of Directors setting out the reasons for the capital increase proposed below and for having shareholders' preferential subscription rights for the operation under item 3. Auditor's Report: The Board of Directors proposes to increase the subscribed capital from £2,221,884.75 to £2,221,884.75 and a maximum of £2,221,884.75. The increase will be effected by issuing 2,221,884.75 shares of £1.00 each, of which £1,110,942.375 are to be placed at a discount of 50% of nominal value and the remaining £1,110,942.375 are to be placed at nominal value. The shares to be issued at a discount of 50% of nominal value are to be issued in accordance with the provisions of Article 72 of the articles of association and the shares to be issued at nominal value are to be issued in accordance with the provisions of Article 73 of the articles of association. The issue price of these shares will be the same as the share price on the date of issue. The shares to be issued at a discount of 50% of nominal value will be offered for subscription to members of the company's staff and employees of subsidiaries in accordance with the criteria set out in the circular letter of the Board of Directors of the issuing company. The shares to be issued at nominal value will be offered for subscription to members of the company's staff and employees of subsidiaries in accordance with the criteria set out in the circular letter of the Board of Directors of the issuing company. The shares to be issued at a discount of 50% of nominal value will be offered for subscription to members of the company's staff and employees of subsidiaries in accordance with the criteria set out in the circular letter of the Board of Directors of the issuing company. The shares to be issued at nominal value will be offered for subscription to members of the company's staff and employees of subsidiaries in accordance with the criteria set out in the circular letter of the Board of Directors of the issuing company.

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£12,000,000 - £500,000 at variable interest rate and 90 day redemption date. Bondholders are hereby informed that the rate applicable for the third interest period has been fixed at 7 1/4%. Coupon No 3 will be payable on October 24th, 1986 at 10.00 AM. For further details contact: 150, Victoria Street, London W1R 1JL. Telephone: 01-499 7200. Fiscal Agent & Reference Agent: CREDIT LYONNAIS LUXEMBOURG

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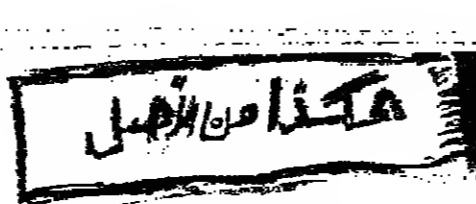
World Gold in 1986

- World Gold in 1986, the next conference in this important and well regarded series, is to be held in London on 18 and 19 June 1986. The speakers will include: ...Robert Guy... Henry Jarecki... ...Chris Stals... Warren Magi... ...Urs Seiler... Dennis Suskind... ...Julian Baring... Keith Hendrick... ...Takashi Tanaka... Timothy Green... ...Alfred Schneider... Brian Marber... ...Victor Lam... Rolf Willi... ...Tom Main... Jack Spall...

A FINANCIAL TIMES CONFERENCE

World Gold in 1986

Please send me further details of 'World Gold in 1986' conference. Name, Title, Company/Organisation, Address, Telephone, Country, Telex, Type of Business. For Financial Times Conference Organisation. Minister House, Archer Street, London EC4R 9AX. Tel: 01-621 1355 Telex: London 27347 FTCONFG



THE ARTS

Galleries/William Packer

Miracle of talent that flies from a parlous nest

Our art schools remain a problem and an enigma, blessed with conventional pieties of support and encouragement, yet reduced to an ever more parlous state in staff and funding. The educational processes, which they have stood by and justified over many decades...



Portrait of Betty, by Rachel Levitas of Camberwell College of Art, in the London Institute exhibition

When we heard a year or two ago, therefore, that after fostering such healthy independence for so long the Inner London Education Authority...

Frances Morrell, glosses the creation of the Institute as "an act of faith... in the importance of art and design to Britain's future." It is determined immediately both to declare and justify itself in its intentions at least, if not in its achievements.

sculpture, fine print-making and the time-based work in film and video that now fills the exhibition floor at the Royal Festival Hall (until May 28). It is another matter, but together the Institute and the ILEA...

must needs be at the expense of something else, and what better candidate could there be than Art? Whatever the pieties expressed, the funding constraints have forced upon the National Advisory Body for Higher Education...

expressed, let alone expressed with some urgency in circumstances of actual crisis. The London schools, with their flourishing departments of Fine Art, may be safe for now, their particular characters not so much at risk as had been feared...

The rest of the country is another mood, one of resignation if not of actual despair, for it is hard to see how many of even the major schools born of Victorian civic pride and duty...

New York Dance/David Vaughan

Muscle-bound steps

In New York in 1957, Paul Taylor gave one of his first dance concerts, with the artistic collaboration of Robert Rauschenberg. In one dance, Duet, Taylor stood and his partner sat, motionless, for three minutes. A solo, Epic, was performed to a recording of telephone time signals.

He began to make pieces whose choreographic structure and relation to musical accompaniment were along more traditional lines, perhaps feeling that he had directly inherited for himself the possibilities of the minimalist or pedestrian movement that a new generation of choreographers was exploring.

pulling up together, the arms held in a semi-circle or sliding arcs through the air, the hips lifted and turned en dedans, that signature idiom familiar from dances Taylor has made to music of composers like Handel and Boyce, Schubert and Brahms. But what the idiom really looks like is a kind of homogenized Graham technique.

Tocco & Eschenbach/Festival Hall

David Murray obbligated were very forward (though skilful). The opening ritornello was forcefully sonorously as the high points of Berlioz's Roman Carnival Overture, had been a measured performance, that one, deliberate and rather underweight at the start, but it built a considerable head of steam.

Louis Lortie/Elizabeth Hall

Andrew Clements That Louis Lortie should have been given first prize in the 1984 Leeds Piano Competition was a widely held view, reinforced in large measure by his Wigmore Hall recital last November.

Francois Rabbath/Wigmore Hall

Richard Fairman Few composers of note have accorded the double bass solo status. In their respective fields a Galway or a Lloyd Webber can dig over musical history to keep their repertoire alive, but for a bass-player the spade is unlikely to bring up much that is worthwhile.

Saleroom/Antony Thorncroft

Hatcher hits jackpot

The Hatcher sale of Chinese porcelain—the 150,000 items that "Captain" Hatcher hauled up from the bed of the South China Sea—got off to a spectacular start at Christie's in Amsterdam yesterday.

Clydesdale Bank PLC House Mortgage Rate announcement. Clydesdale Bank PLC announces that with effect from Monday 2nd June 1988 its House Mortgage Rate is being reduced to 11% per annum.

Arts Guide April 27-May 1. Opera and Ballet. WEST GERMANY: Regia, Deutsche Oper; Zar und Zimmermann; Madame Butterfly. LONDON: Royal Opera, Covent Garden; A week of popular revivals; Neil Schiriff; Sammi Ramsay and Nelly Miricioiu. ITALY: Milan: Teatro alla Scala; Franco Zeffirelli's production of Swan Lake. VIENNA: Staatsoper; Maria Stuarda; Der Rosenkranz und die Gefährten. NETHERLANDS: The Nederlandse Dans Theater; Jerome Robbins' Afternoon of a Fox. NEW YORK: New York City Ballet; Swan Lake.

SOS Band and Joe Cocker

Antony Thorncroft "Sex and drugs and opera" as a slogan probably never managed to fill Covent Garden and yet the theme's inspiration, "sex and drugs and rock 'n' roll," is equally misleading. True, there are often odd sweet smells at pop concerts, and sometimes, for an encore, the bands will play rock 'n' roll standards.

FINANCIAL TIMES

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Tuesday April 29 1986

GLOBAL ECONOMIC CO-OPERATION

A tune but not yet harmony

By Philip Stephens, Economics Correspondent

Financing the UN

THE United Nations organisation is drifting into financial crisis because of its own spend-thrift ways and because of the high handed action of members who are delaying or withholding their contributions.

Better paid

Understandable though such protests may be, they are in direct conflict with the UN Charter which all members have undertaken to adhere to.

Leaner budget

Yet it is notable that the Soviet Union last year joined the US in voting against the UN budget.

Civilian rule in Sudan

THERE is more than the well-being of the people of Sudan at stake as the country's political leaders set about the difficult task of forming a coalition civilian administration to take over from its military rulers.

Africa's largest state plays a strategic role in the Horn of Africa, with a key port on the Red Sea and a border with Soviet-backed Ethiopia.

Rebel influence

Yet Sudan, administered since the coup last April by the transitional military council and a civilian cabinet, is no closer to resolving its acute problems.

Indeed, the situation has deteriorated in many respects. The interim government did little more than mark time, lacking the authority to carry through economic reforms or to pursue effective peace talks with the rebel Sudan People's Liberation Army led by Col John Garang.

A WORLD economy with faster output growth, lower inflation and borrowing costs, and strengthened policy-co-ordination is the promise now being held out by governments of western industrial nations.

Only the still-bleak prospects for the unemployed, particularly in Europe, have marred the upbeat assessment endorsed by government policy-makers at a series of international gatherings this month.

So as next Sunday's world summit in Tokyo approaches, officials are fairly confidently packaging this "favourable outlook" to secure the maximum political benefit for the seven participants.

The discordant notes which have occasionally sounded among finance ministers in recent weeks will be carefully toned down. The first rule of summits (usually if not invariably respected) is that while the needs of government can be frank in private, the public perception should be of optimistic harmony.

The collapse of the oil price, cutting a combined import bill of industrial countries by perhaps \$80bn this year, along with the dramatic change in the pattern of exchange rates, transformed the outlook for western economies.

In parallel, the average inflation rate is likely to drop below 3 per cent; in West

Germany and Japan there may be price stability or even fractional falls in prices.

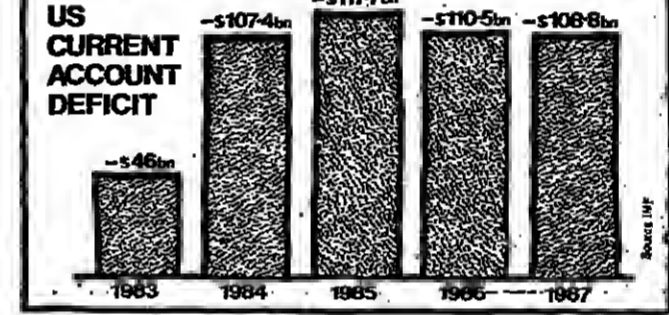
The implications for interest rates are already clear on the world's stock and bond markets. In nominal terms short-term rates have fallen to their lowest for more than a decade.

The general mood of confidence, sometimes almost complacency, has been reinforced by the enhanced co-operation between governments since last September's Plaza accord.

The debt problem has in the view of most western governments become just that—a problem rather than a crisis.

But even closer, Mr Noboru Takeshita, Japan's Finance Minister, stated bluntly that Japan had cut its discount rate because he had pledged to do so in a meeting two weeks earlier with Mr Baker.

Then, Mr Baker was privately expressing fury at remarks made by Mr Takeshita which suggested a joint agreement to stabilise the dollar/yen rate.



encouraged Mr Nigel Lawson, Britain's Chancellor, to make a public statement aimed at triggering a rise in the yen's value, a move which in turn caused intense annoyance in Tokyo.

West Germany's aloof stance during the latest round of interest rate cuts has made clear its unwillingness to give any guarantee that it will put international ahead of domestic priorities.

The idea, enthusiastically endorsed by Mr Lawson, would be to strengthen co-ordination of policies by agreeing a medium-term framework for the world economy compatible with sustained growth and low inflation.

The alternative to a more rapid expansion outside the US is seen as another sharp decline in the dollar's value.

Hong Kong bids its all

A great number of people in Hong Kong, from business executives and bank clerks to Chinese amahs and night club hostesses, are plundering their savings, stretching their overdrafts and raising loans in a bid to buy Cathay Pacific shares in the public flotation that closes today.

Bankers talked yesterday of pressures the like of which they have not seen for years. Interest rates on overnight and one-week and two-week money have soared to around 7 per cent on the local interbank market.

The Hong Kong dollar, linked to the US dollar at a level of HK\$7.80 to one, has come under strong upward pressure as funds have poured into Hong Kong from overseas.

The Hong Kong and Shanghai Banking Corporation, into which subscriptions for the Cathay share offer must be deposited, sparked controversy when it said it would charge a handling fee of HK\$200 for every HK\$1m lent on the inter-bank market for the duration of the Cathay offer.

Men and Matters

squeeze market rates as it liked.

To avoid what could have developed into an ugly and politically sensitive debate over its role as Hong Kong's de facto central bank, plans for the handling fee have since been dropped.

Meanwhile, the very considerable interest earned by the Hong Kong bank on subscriptions for the Cathay offer—which must be paid by today and will not be returned until allotment is completed on May 8—will be used to defray the HK\$1.8m costs of mounting the offer, Cathay Pacific says.

Bigger bite

European botellers and airlines are smarting from Americans' fears of terrorism.

Nearly half of Sysco's \$3bn in annual sales goes to the "away-from-home" market. That is restaurants, clubs, and other forms of eating away from the domestic hearth.

Final deadline?

Time may be running out for London's Press Club. Yesterday, following an unhappy hearing in the bankruptcy court, the bailiffs were carrying off the furniture.

In fact, the sad truth is that it has no more than 500 "regulars," and a majority of its 2,000 members these days are in public relations.

New metal

Eugene Anderson, the American chief executive of Johnson Matthey, is celebrating the first anniversary of his arrival at the precious metals group with a wholesale shake-up of its operating structure.

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WHITE POLITICS IN SOUTH AFRICA



'We, the Boers, will fight to the bitter end—as we did against the British—to defend our land'

Mr Eugene Terre Blanche leader of AWB

Afrikanerdom fights back

By Anthony Robinson in Johannesburg

CHIEF Cuthna... leader of the Zulus... South Africa's largest black tribe...

In recent months, however, there has been a surge in support for white right-wing groups...

The party's concern was expressed most clearly in a front page editorial of the latest edition of the NP magazine...

Last week a Government minister, Mr Louis Nel, was shouted down by a group of AWB rowdies...

It must have been an ironic session for Mr Botha, who early in his political career gained a reputation for brooking up political meetings...

The National Party has a large majority in the House of Assembly, and is not obliged to hold general elections until 1989...

The upsurge in support for the right is not confined to Afrikaners. The right-wing parties are drawing support from working-class English immigrants...

win support among this section of the community.

The CP, under its leader Dr Adriaan Treurnicht, broke away from the National Party in February 1982...

It was Dr Mulder Mr Botha defeated in the 1978 leadership struggle by exploiting his involvement in the scandal...

The split in Afrikanerdom reflected in the CP breakaway was the first casualty of Mr Botha's original "reform" strategy...

The CP argued at the time that the new constitution was the thin end of the wedge. Once the principle of white rule had been broken...

What makes Mr Botha's position so difficult is that, on the wedge at least, they were right. Any illusion that the reform process would be stoppable...

Indians into Parliament has been destroyed by the continuing wave of violent protest sparked off by the exclusion of blacks...

Although Mr Botha stubbornly maintains that the 66 per cent "yes" vote from the white electorate at the November 1983 referendum still represents a mandate for reform...

On top of all this, South Africa has been suffering its steepest recession since the war. White and Coloured unemployment has risen by 150 per cent...

White, mainly Afrikaner, farmers, meanwhile, have been hurt by four years of drought. Any illusion that the reform process is to retain momentum...

to farming bankruptcies and a socially unsettling emigration from the land.

A spate of ANC-planted land mines in the border farming districts of Northern Transvaal, in which 19 Afrikaners, including two children, died...

After a spate of robberies and complaints about loud music and other vexatious, white vigilantes, including its alleged off-duty policemen...

Mindful of the likely international outcry if long-established Munsieville were to be forcibly removed, Mr Botha announced instead that a high steel security fence and highway would be built to separate it from the white estate...

These are harsh measures taken in a harsh land. But for Mr Botha, and senior ministers like Mr F. W. de Klerk, party boss in the Transvaal, the right move is to retain momentum.

from disaffected Afrikanerdom can only play into the hands of both the CP and the even more menacing AWB, led by a stocky, decorated war-torn policeman and rugby player Mr Eugene Terre Blanche.

In an interview at his Pretoria headquarters earlier this month Mr Terre Blanche spelled out the AWB's ambition. It is to restore the old independent Boer republics to the Afrikaners whose independence was taken away from them...

The AWB is a political and para-military movement—not a political party. About 80 per cent of its members vote for the CP and the rest for the NP, he claims.

Mr Terre Blanche declines to estimate the number of his supporters, only that he has addressed more than 20,000 people in the last three months. As for the AWB's support in the police and the armed forces...

police are "Boerseuns"—sons of Boer farming families, and so are most of the army.

'They have taken an oath of honour to defend their country and their nation. I can understand that they are interested in the AWB. We are proud and thankful for them. They are the best in the world and I defend them from platform to platform.'

A powerful, throaty orator on stage, Mr Terre Blanche explains his vision of a future South African constellation in a quiet, gravelly voice with few gestures, and penetrating looks from blue eyes under heavy brows.

'I am not a racist, I don't want to take from the black man because I am white,' he says.

'I want only the country of my people, the Afrikaners, and I don't want Buthe's land, or the Transkei. As for the whites of the Cape and South Natal they can decide their own future. That was never really Boer country.'

What Mr Terre Blanche is campaigning for is not only restoration of the Orange Free State and the Transvaal but also a corridor to the Indian Ocean through to Richards Bay. When asked what he intended doing with the millions of non-Afrikaners in Johannesburg, Durban or the nearby Zulu blacks in Swaziland, he acknowledges the difficulties. Both would become a sort of city state within the Transvaal.

He is vehemently opposed to the Government's concept of power-sharing. 'I don't believe in it and neither do the ANC. They want the whole of South Africa—through majority rule and revolution. I believe the only way to peace is for every nation to be itself without interference. You cannot ask a minority to be part of a majority in a power sharing system; it leads to bitterness and hatred. We, the Boers, will fight to the bitter end—as we did against the British imperialists—to defend our land.'

But can Afrikaner sovereignty be restored peacefully? 'No. We stand at the beginning of the greatest violence ever seen. The ANC is ready for war and revolution. It all boils down to a clash between two forces—the AWB and the ANC. They want it all. We only want to keep our part.'

At this stage it is still possible to see Mr Terre Blanche as a worrying loss of credibility with society. Must its growth in expenditure always outstrip inflation? Why does it find it so hard to stop research which is yielding diminishing returns? Scientists simply confusing society by provocatively raising hopes or fears—interfering, damage to the atmospheric ozone layer, acid rain—which are unwarranted by their own evidence? Has such controversy merely been self-serving?

Lombard The management of science

By David Fishlock

THIS WEEK a new chief scientific adviser to the Government arrives in Whitehall. Like his predecessor, Sir Robin Nicholson, Mr John Fairclough has been seconded from industry—IBM—where he gained considerable experience in management practice, in contrast to most of the English academics traditionally recruited for this post.

Mr Fairclough's appointment is not the only event which makes the latest conference of the Ditchley Foundation very timely. Its subject was the management and funding of science—a controversial issue which reaches far beyond Britain's shores...

What emerges from the Ditchley debates is a portrait of a community which was once self-confident and self-regarding to the point of arrogance, but must henceforth be far more realistic. It must make its case for patronage unambiguously, in terms everyone understands. It must come to terms with the fact that people now expect science to benefit them, to enhance the "quality of life."

In short, science has a management problem. The peer review system believed by most—though not all—of its practitioners to be satisfactory for managing the detail of science seems to be unsatisfactory for managing the broad strategy.

As Sir Douglas Hague, chairman of the Economic and Social Research Council, has pointed out recently, management practice differs profoundly from management as practised elsewhere in society. As a result it is failing to communicate its own potential. Society is not hostile to science. It simply fails to understand what is eating the scientists.

Personal equity plans

From Mr M. Horvitz

Sir—After all the excitement caused by the Chancellor in his Budget speech, it is somewhat disappointing to find that Clause 37 of the Finance Bill taken together with Schedule 8 there to ensure the Board of Inland Revenue to make regulations about personal equity plans...

With its usual approach to life the Revenue appears to be taking powers to stop precisely what the Chancellor intended. Unfortunately, this is all too common an occurrence and was a feature of the first attempt to liberate the economy with the original business expansion scheme legislation. Here we see that in paragraph 2 of Schedule 8 the regulations may include provisions that in respect of shares shall cease to be entitled to relief from tax and the plan manager concerned shall be responsible for paying over to the Revenue any tax erroneously credited to the PEP holder...

If this idea is ever to get off the ground it is essential that the administration is as simple as possible and I do not believe any plan manager is going to get terribly excited about the concept until these regulations are in fact issued, debated and clarified. The main lesson which comes to mind is that if an individual is to obtain a tax-free roll-up for his investment then it would appear that some-how a central Revenue office should be set up to deal with the tax repayments. The concept of such matters being dealt with in the district dealing with the individual's normal tax affairs makes me shudder at the thought of a string of partially completed PEPs left to be administered long after the individual has decided to cash in his gains.

This letter, Sir, is a plea for a simple and efficient system to be introduced to enable these products to be sold and for the managers to manage without drowning in a sea of irrelevant form-filling. M. S. Harvey, Highfields House, Highfields, Ashted, Surrey.

Letters to the Editor

Reforming taxation

From Mr G. Chichester

Sir—In your Leader of April 23 you refer to the merits of transferable allowances in the proposals for the reform of personal taxation. What is it that you have against marriage? Not only would this change remove the current inequitable treatment of women but it would end the bias against, and penalty on, those families where the mother (or father, for that matter) sacrifices earning capacity to devote full care and attention to raising a family. It is the family which is the bedrock of society and provides the best environment for bringing up the next generation.

Better you should ask whether this reform would reduce the number of single parent families by removing the disincentive to marriage inherent in the present system, than to be concerned about the possible number of married women deterred from entering the employment market. Better still, to ask how best support for the genuine single parent family (I exclude those who are so by choice) should be provided. Giles Chichester, 9 St James's Place SW1

World Bank lending

From the Vice President, External Relations, World Bank

Sir—In view of your April 1 article on the Baker plan, please allow me to clarify the World Bank's position regarding programme lending to developing countries.

At the World Bank, programme lending is not treated as a means of providing balance of payments support for debtors. Rather it is the end product of a thoroughly evaluated plan, tailored to the particular needs of the country's economy or a particular sector, for reforming government policies and programmes in order to stimulate growth.

While the World Bank remains primarily a projects lender, its programme lending is designed to achieve policy changes that increase productivity and decrease barriers to international trade. Through such measures as reforming economic trade policies and sub-

sidi systems and fostering market-based incentives for agricultural producers, the bank's programme lending improves the economy as a whole. Indeed, our programme loans help make our projects loans—past, present and future—more effective.

Not all economically sensible lending for development is susceptible to rate of return evaluation. Programme lending, as practiced at the World Bank, serves as a catalyst for the improvement of developing nations' export earnings and their participation in international trade. Jose Botafogo, 1818 High Street NW, Washington DC 20438, USA.

Industrial copyright

From Mr D. Gee

Sir—On April 22 you report a statement by the chairman of the Industrial Copyright Reform Association that the Government proposals in White Paper Cmd. 9712 will threaten jobs in the spare parts industry and consumers' ability to buy a range of cheap replacement parts.

It is difficult to see how this can be. The White Paper was published only 46 days after the House of Lords decision (in British Leyland v Armstrong Patents) and even the most energetic spare parts manufacturer cannot have selected and recruited many suitable staff in that time; and the spare parts manufacturers, for most of the fast-moving parts with which they are principally concerned, have the ability to design alternatives which do not infringe the original equipment maker's copyright, thereby increasing the choice available to consumers.

For the remaining spare parts, such as body panels which aesthetically need to match existing exterior parts, the proposed compulsory licensing provisions would appear to provide an adequate safeguard to protect the public interest.

If any criticisms can be levelled against the Government proposals they are surely that the proposed term for the new unregistered design right is too short, and will be a positive disincentive to manufac-

ture wishing to market durable long life equipment but who need to recoup some of their R and D expenditure from spare part sales; that insufficient credit has been given to the ability of British designers to provide non-infringing alternative designs; that the problems for consumers seeking redress under the proposed EEC product liability directive if these are too many unauthorised look-alikes have been insufficiently addressed; and that no clear guidance has been given on whether components which in use have to be joined are to be treated as separate parts excluded from protection. D. W. Gee, The Farmhouse, Marston, Nr Sutton Coldfield, W. Midlands.

Decline in the fleet

From Mr G. Bonwick

Sir—In his excellent article on merchant shipping (April 25) Andrew Fisher remarks that the British Maritime League's latest publication Why the Shipyard is hardly broken new ground. This is true but it does suggest there has been a marked change in the League's approach, if not a complete volte face. If it does not now "blame" the Government for the decline in the fleet," as Mr Fisher puts it...

Only two years ago, in his presidential report, Admiral of the Fleet Lord Hill-Norton stated that "the attitude of Government towards both parties to the shipping industry has for a long time been one of ignorant apathy and the apparent belief that although the country's maritime industries are fast declining they are not worth saving. Some in departments are even describing them as "sunset industries."

In addition, the Nautical Institute's journal *Seaways* later reported that in the course of an address at Dover the BML's director, Commander M. E. F. Ranken, RN (Ret'd), "reserved the severest censure for ignorant civil servants who must shoulder much of the blame for the decline in matters maritime. The majority had not the remotest idea of maritime affairs yet readily pontificated on such matters. Hopefully, the League will eventually acquire a better comprehension of the facts of maritime life, than it has displayed since its inauguration. Maybe it will come to share my belief that if the Government bears any blame for the industry's decline it is for helping it too much in the past rather than too little. George J. Bonwick, 17 Chestnut Avenue, Wokingham, Berks.

Advertisement for R.J.P. Gaskell Engineering Limited. Features a large image of a building and a car. Text includes: 'R.J.P. GASKELL ENGINEERING LIMITED ~1958~1996~', 'Will your departure be the death of the family business?', and contact information for Spicer and Pegler Chartered Accountants.

INTL. COMPANIES & FINANCE

Ajokki rescue sparks row in Finland

BY OLLI VIRTANEN IN HELSINKI

THE RESCUE of Ajokki, Finland's state-owned bus chassis manufacturer, has caused a row between the Finnish Government and Union Bank of Finland, the company's main financiers. The Finnish Government has agreed to provide a FM 30m (50m) package to resuscitate the country's leading chassis maker, but Union Bank of Finland, which holds the bulk of its liabilities worth FM 150m (\$30m), regards this as inadequate. Ajokki's turnover equals its liabilities. The results for the financial year ending March 31 showed a loss of FM 23m. The company's problems mainly stem from overcapacity which was made worse when it built a new factory. The Government's rescue package includes FM 12m in cash for paying immediate bills. In addition,

the Government will write off FM 15.3m in loan guarantees. The Government has offered the company for sale for the value of the nominal share capital, but there are no takers for the debt burden. According to Union Bank of Finland, the measures are not enough. The bank demands that the state raises the share capital by FM 20m instead of lowering it. Mr Mikka Tiivola, the bank's chairman and chief

executive, warned that, if the state lets Ajokki go under, it will have serious repercussions for terms of financing for all other state-owned companies. So far banks in Finland have assumed that the state takes the ultimate responsibility for its holdings. If Ajokki becomes an example of the opposite, banks will have to ask for similar collateral to those they ask from any private company.

Thermo-Disc to expand Kone buys into Biddle

BY HUGH CARNEGIE IN DUBLIN

THERMO-DISC, a subsidiary of the US electrical manufacturer Emerson Electric, is to undertake an 155m (\$6.85m) expansion of its plant in Limerick, Co. Clare, Ireland, creating 385 jobs, the Irish Government has announced.

The project, to be backed by Ireland's Industrial Development Authority (IDA), will be phased over five years and will eventually make the Limerick plant Thermo-Disc's main product-development and engineering centre for Europe.

BY OUR HELSINKI CORRESPONDENT

KONE, the Finnish lift manufacturer, has acquired 55 per cent of the shares in Biddle Holdings, a British group which owns several lift, heating and ventilation companies. The stake was purchased from the controlling family, which will

repurchase the heating and ventilation business from Kone, leaving the Finnish company with the net acquisition of Bennie Lifts. Bennie Lifts, based in Peterborough, had a turnover of £10m (\$15.4m) last year.

All of these Securities have been sold. This announcement appears as a matter of record only.

\$200,000,000

BP North America Inc.

9 1/4% Guaranteed Sinking Fund Debentures Due 2016

Payment of the principal of, premium, if any, and interest on the Debentures is guaranteed by

The British Petroleum Company p.l.c.

Interest payable April 15 and October 15

MORGAN STANLEY & CO.

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DEAN WITTER REYNOLDS INC.

YAMAICHI INTERNATIONAL (AMERICA), INC.

April 18, 1986

LANDSVIRKJUN

US\$ 60,000,000

Floating Rate Notes

Due 2000

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the period 30th April, 1986 to 30th October, 1986 is 7 1/2% p.a. Coupon amounts will be US\$359.01 for the US\$10,000 denomination and US\$8,975.26 for the US\$250,000 denomination and will be payable on 30th October, 1986 against surrender of Coupon No. 2. Manufacturers Hanover Limited Agent Bank

Foreign Exchange

The Financial Times

proposes to publish a

Survey on the above

subject on

TUESDAY MAY 27 1986

For details of advertising rates, please contact:

NIGEL PULLMAN

Bracken House

10 Cannon Street

London EC4P 4BY

Tel: 01-248 8000 Ext 4063

Publication date is subject to

change at the discretion of

the Editor

NOTICE OF REDEMPTION

To the Holders of

ENTE NAZIONALE IDROCARBURI

E. N. I.

(National Hydrocarbons Authority)

6 1/2% Sinking Fund Debentures due June 1, 1987

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Sinking Fund for the Debentures of the above-described issue, Morgan Guaranty Trust Company of New York, as Fiscal Agent, has selected by lot for redemption on June 1, 1986 at the principal amount thereof \$625,000 principal amount of said Debentures, as follows:

Outstanding Debentures of U.S. \$1,000 Each of Prefix "M" Bearing Serial Numbers Ending in the Following Two Digits:

00 04 10 11 14 78

Also Debentures of U.S. \$1,000 Each of Prefix "M" Bearing the Following Serial Numbers:

881 2891 3481 3881 5391 6791 7591 8891 9091 10591 15291 19991 21891 1881 2991 3781 4381 5291 7191 8191 8991 9391 11591 18991 21191 24391

On June 1, 1986, there will become due and payable upon each Debenture the principal amount thereof, in such coin or currency of the United States of America as on said date is legal tender for the payment thereof of public and private debts, at the option of the holder, either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 13th Floor, 30 West Broadway, New York, N.Y. 10011, or (b) subject to any laws and regulations applicable thereto with respect to the payment, currency of payment or otherwise in the country of any of the following offices, at the principal office of Banca Nazionale del Lavoro in Rome or the principal office of Banca Commerciale Italiana in Milan or the main office of Morgan Guaranty Trust Company of New York in London, Brussels, Paris or Frankfurt or the main office of Algemeene Bank Nederland N.V. in Amsterdam or the main office of Kredietbank S.A. Luxembourg in Luxembourg-Ville. Payments at the office of any paying agent outside of the United States will be made by check drawn on, or transfer to a United States dollar account with, a bank in the Borough of Manhattan, City and State of New York. Any payment made by transfer to an account maintained by the payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding at a rate of 20% if payees not recognized as exempt recipients fail to provide the paying agent with an executed IRS Form W-9, certifying under penalties of perjury that the payee is not a United States person or an executed IRS Form W-9, certifying under penalties of perjury the payee's taxpayer identification number (employer identification number or social security number, as appropriate). Those holders who are required to provide their correct taxpayer identification number on Internal Revenue Service Form W-9 and who fail to do so may also be subject to a penalty of \$50. Please therefore provide the appropriate certification when presenting your securities for payment. Debentures surrendered for redemption should have attached all unexpired coupons appurtenant thereto. Coupons due June 1, 1986 should be detached and collected in the usual manner. From and after June 1, 1986 interest shall cease to accrue on the Debentures herein designated for redemption.

ENTE NAZIONALE IDROCARBURI

By: MORGAN GUARANTY TRUST COMPANY

OF NEW YORK, Fiscal Agent

April 29, 1986

THE MORGAN STANLEY LEVERAGED CAPITAL FUND

\$450,200,000
Committed Capital

The undersigned are pleased to announce the final closing of three new leveraged investment funds, collectively known as the Morgan Stanley Leveraged Capital Fund (the "Fund"). The Fund will organize and invest in traditional leveraged buyouts, private placements of debt and debt with equity kickers, private and public company recapitalizations, and other forms of equity and mezzanine financing.

MORGAN STANLEY & CO.

Incorporated

and

CIGNA Investments, Inc.

Joint Venture General Partners

THE MORGAN STANLEY LEVERAGED CAPITAL FUND

has committed to or invested in the following leveraged buyout and recapitalization transactions

- Adams II (Adams Communications)**
- Burnham Broadcasting**
- Emmis Broadcasting**
- Fine Products**
- Reheis Chemical**
- RX Acquisition Corp.**
- CW Acquisition Corp.**

MORGAN STANLEY & CO.

Incorporated

and

CIGNA Investments, Inc.

Joint Venture General Partners

This announcement appears as a matter of record only.



Crédit Commercial de France
London Branch

£25 million CD Issuance Facility
arranged by



Baring Brothers & Co., Limited

Baring Brothers & Co., Limited
Telephone: 01-263 8833

Crédit Commercial de France
Telephone: 01-623 1131

February 1986

Handwritten Arabic text at the bottom of the page.

INTERNATIONAL COMPANIES and FINANCE

Deutsche Bank in biggest fixed-rate DM issue yet

BY CLARE PEARSON

DEUTSCHE BANK FINANCE yesterday issued a DFF500m Eurobond with Deutsche Bank as sole lead manager. The 10-year bond, the largest straight fixed-rate DM Eurobond yet, pays a coupon of 9 1/2 per cent and is priced at 100.

Trading in the D-Mark sector was thin, while prices of recent issues slipped a little. Dow Chemical's DM \$300m bond was quoted at a bid price of 98.35, against a par issue price, down by 1 point since Friday.

ahead of Wednesday's announcement of the US Treasury quarterly refunding package. After that they will be looking to see the extent of Japanese buying during the Treasury auctions.

Bid finance for Allied Lyons

By Peter Montagnon, Euromarkets Correspondent

ALLIED-LYONS, the UK-based food and brewery concern, is raising \$400m through a one-year loan facility in the Euromarkets designed partly to finance its bid for the liquor and brewery interests of Canada's Hiram Walker.

Japanese shun foreign equities

BY OUR EUROMARKETS STAFF

JAPANESE INVESTORS have almost ignored equities in their drive to pile into overseas securities markets, according to a new study by American Express Bank.

current account surplus in the international bond markets has been a major boost to the securitisation of international capital markets generally, but this carried significant risks, according to Mr O'Brien.

O'Brien, the risk was that the dollar could enter a self-fuelling and inflationary downward spiral on exchange markets if Japanese investors lost confidence in the US Treasury bond market.

Turkish bank note facility

By Our Euromarkets Correspondent

YAPI VE KREDI Bankasi, Turkey's second largest private sector bank, which plays a leading role in financing the country's foreign trade, has launched a \$30m note facility in the Euromarket, the first such deal by a Turkish borrower.

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market. Closing prices on April 28

Table with columns: US DOLLAR, STRAIGHTS, OTHER STRAIGHTS, CONVERTIBLE, and SWISS FRANC. Lists various bond issues with their respective prices and yields.

Warner Lambert sells Imed

THE BOARD of Warner-Lambert, the US health care group, has approved the sale of its Imed intravenous infusion systems unit to the Stanley Group, for \$163.5m in cash.

The company said the sale completes the divestiture of its health technologies business. Mr Joseph D. Williams, Warner-Lambert chairman and chief executive, said the transaction was highly favourable and noted that the sale of the health technologies business had been completed well within the financial provision established in November.

These securities have been sold outside the United States of America and Japan. This announcement appears as a matter of record only.

NEW ISSUE 25th April, 1986

ROHM COMPANY LIMITED U.S. \$80,000,000 3 3/4 per cent. Guaranteed Bonds due 1991 with Warrants

to subscribe for shares of common stock of Rohm Company Limited. The Bonds will be unconditionally and irrevocably guaranteed by

Table listing various international companies and their bond offerings, including Daiwa Bank, Nomura International, and others.

NOTICE OF REDEMPTION TO THE HOLDERS OF

The Long-Term Credit Bank of Japan Finance N.V. Guaranteed Floating Rate Notes Due 1992

NOTICE IS HEREBY GIVEN that, pursuant to the Fiscal Agency Agreement dated May 27, 1982 between The Long-Term Credit Bank of Japan, Limited and Manufacturers Hanover Trust Company as Fiscal Agent, \$20,000,000 principal amount of the above described Notes are called for redemption at their principal amount on May 30, 1986.

Interest on the Notes will cease to accrue on May 30, 1986. The May 30, 1986 coupons should be detached and presented for payment in the usual manner. The Notes will carry an interest rate of 8 1/4% per annum with a coupon amount of \$420.24.

The Notes may be presented for payment at the following addresses: If By Hand: Manufacturers Hanover Trust Company, 180 John Street, Corporate Trust Window, Ground Floor, New York, New York.

If By Mail: Manufacturers Hanover Trust Company, Corporate Trust Window, P.O. Box 2205, New York, New York 10108.

The Notes may also be surrendered to: The Morgan Guaranty Trust Company of New York, Avenue des Arts 35, 1040 Brussels, Belgium; Manufacturers Hanover Trust Company, Bockenheimer Landstrasse 51-53, Frankfurt am Main 1, West Germany; LYTCB Asia Limited, 2602S Admiralty Centre, Tower 1, 18 Harbour Road, Hong Kong; The Long-Term Credit Bank of Japan, Ltd., 18 King Williams Street, London EC4N 7ER; Manufacturers Hanover Trust Company, 7 Princes Street, London EC2P 2LR, England.

Dated: April 29, 1986

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Dated: April 29, 1986

CITIBANK NOK 250,000,000 - CERTIFICATES OF DEPOSIT ISSUANCE PROGRAM 1986/1987. Arranged by OSLO FINANS A.S. Agent and marketmaker OSLO FINANS A.S.

INTL. COMPANIES & FINANCE

Bell clears last BHP legal hurdle

BY LACHLAN DRUMMOND IN SYDNEY

BELL RESOURCES, Mr Robert Holmes a Court's energy investment vehicle, has cleared the last legal hurdle preventing it from despatching its partial takeover offer for Broken Hill Proprietary (BHP).

A Victoria Supreme Court judge yesterday removed injunctions which had restrained Bell from sending out its offer after dismissing BHP's claims that offer documents were invalid and had been improperly registered by the regulatory authorities.

National Companies and Securities Commission in order to update the April 7 documents for despatch.

Bell originally announced its bid would be A\$7.70 a share cum dividend — the shares went ex-dividend yesterday—but said last week it would consider raising the price.

The BHP share price remained firm to close at A\$7.22 yesterday, only 18 cents below the effective ex-dividend price proposed by Bell, but around A\$1 above the ruling price before Elders-IXL earlier this month stormed into the market for a protective 19 per cent

stake in BHP. The key element in BHP's claims against the Bell offer was the inclusion of a maximum acceptance condition of 260m shares, or 26 per cent of non-Bell shares, compared with the formal pitching of the offer at 50 per cent of each remaining shareholding.

However, Mr Justice Marks ruled that such conditions were valid under existing law and that proposed amendments which would outlaw maximum acceptance conditions assumed their legality under current law. With the legal challenge defeated, BHP will now square-up

to defend the offer on the issue of price and future prospects. A further drop in the domestic oil price, announced yesterday, will have an impact on BHP's net profits, which already appear unlikely to meet the 1986-87 target of A\$980m (US\$715.7m).

This forecast from BHP was based on 65 US cents to the Australian dollar against yesterday's rate of 74 cents, and on an oil price of US\$8 a barrel, some US\$8 above the current level. These two discrepancies, if maintained, would reduce earnings by some A\$250m from the forecast level.

GNMA

Government National Mortgage Association

\$395,358,352

Fannie Mae FHA/VA Mortgage-Backed Securities



Federal National Mortgage Association

We purchased these Fannie Mae Mortgage-Backed Securities from GNMA in an auction conducted by Fannie Mae on March 31, 1986

Bear, Stearns & Co. Inc.

New York, Atlanta, Boston, Chicago, Dallas, Los Angeles, San Francisco, Amsterdam, Geneva, Hong Kong, London, Paris

April 1986

BEAR STEARNS

All of these securities have been sold. This announcement appears as a matter of record only.

Setback at Matsushita Electric

BY YOKO SHIBATA IN TOKYO

MATSUSHITA ELECTRIC INDUSTRIAL, the Japanese electronics giant, has suffered the first fall for 11 years in consolidated net profits and sales.

In the first quarter to February 29, net profits on a consolidated basis totalled ¥51.5bn (\$306.3m), down 19.3 per cent on sales of ¥1,141.9bn, a drop of 8.7 per cent.

The company blamed external economic factors, especially the rapid rise of the yen, for a significantly negative impact on earnings.

Reduced exports of colour television sets to China and depressed demand for electronic components such as semiconductors were also cited as elements in holding back sales.

Sales of video equipment declined 17.2 per cent and those of audio equipment fell 11.8 per cent, although home electric appliances and energy and kitchen-related equipment posted minor gains.

Domestic sales suffered a marginal dip of 1.1 per cent, but overseas sales dropped 16 per cent. First-quarter earnings

per share fell ¥7.09 to ¥28.28. In coping with the yen's further appreciation, Matsushita considers it necessary to mark up selling prices overseas and transfer production of some lines to South-East Asia countries.

For the year to November 30, Matsushita now forecasts that its consolidated net profits will drop by between 25 per cent and 30 per cent from the previous year, on sales down by about 10 per cent on the assumption that the currency remains at ¥165 to ¥170 to the dollar.

Straits Times group midway profits decline

By Chris Sherwell in Singapore

SINGAPORE PRESS Holdings, the media company which is one of the island state's biggest industrial groups, has posted a sharp decline in interim profits despite higher turnover.

Figures for the six months to February showed pre-tax earnings down 19.4 per cent at S\$48.5m (US\$21.2m) on turnover which rose 8.8 per cent to S\$251.5m. After extraordinary items, attributable profit was down 16.6 per cent at S\$28.4m, and the directors declared an interim 10 cent dividend.

The group, which has a virtual monopoly of the local print media, blamed its performance on the weakness of the Singapore economy, which had continued to bit advertising.

This has plainly hurt the group's newspaper operations, even though it raised cover prices last year on the Straits Times, the Sunday Times and Business Times, the three English-language newspapers.

The company said it foresaw no improvement in advertising revenue in the second half.

Marubeni to liquidate shipping business

BY CARLA RAPOPORT IN TOKYO

MARUBENI, one of Japan's major trading houses, has decided to liquidate its loss-making shipping subsidiary with a net loss of ¥20bn (\$119m).

The move follows a similar decision by Nissho Iwai, another trading company, to abandon the shipping business and sell its ships, taking a write-off of ¥60bn.

Marubeni's shipping subsidiary, Marubeni Maritime, was established in 1974 and had a total of 73 vessels. Marubeni said it hoped to maintain charter contracts for 18 of the vessels, including bulk carriers now operated by the receivers of Sanko Steamship, the Japanese tanker company which went bankrupt last August.

Citing the continued depression in the shipping business, Marubeni said it expected to completely get out of the shipping business over a period of time.

Meanwhile, Kanematsu Goshu, a third trading company, has denied reports that it is quitting the shipping business. Even so, it is seeking to sell at least one of its vessels.

Saipem SpA

Tekfen Construction and Installation Co. Inc. Kutlutas Insaat ve Ticaret San Ltd. Sti.

have been awarded a contract by

BOTAS Boru Hatlari ile Petrol Tasima A.S.

for the construction of the

Second Expansion Iraq-Turkey Crude Oil Pipeline

The undersigned acted as Financial Advisor to Saipem/Tekfen/Kutlutas in connection with their bid for the construction of this project, and arranged SACE/MEDIOCREDITO Italian Export Credit and Euroloan facilities totalling U.S.\$257,000,000 in connection with this transaction.

MANUFACTURERS HANOVER LIMITED

Italian Agent Bank, Manufacturers Hanover Trust Company, Via Brera 5, 20121 Milan.

Turkish Agent Bank, Manufacturers Hanover Trust Company, Polat Palas, Abdi Ipekci Caddesi, Macka, Istanbul.

December, 1985

All of these Securities have been sold. This announcement appears as a matter of record only.

1,750,000 Shares

Riggs National Corporation

Common Stock (\$2.50 par value)

MORGAN STANLEY & CO. Incorporated

BEAR, STEARNS & CO. INC.

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A. G. EDWARDS & SONS, INC.

HAMBRECHT & QUIST Incorporated

KIDDER, PEABODY & CO. Incorporated

MERRILL LYNCH CAPITAL MARKETS

PRUDENTIAL-BACHE Securities

L. F. ROTHSCHILD, UNTERBERG, TOWBIN, INC.

SHEARSON LEHMAN BROTHERS INC.

WERTHEIM & CO., INC.

BAKER, WATTS & CO.

April 11, 1986

ALEX. BROWN & SONS Incorporated

DILLON, READ & CO. INC.

DREXEL BURNHAM LAMBERT

GOLDMAN, SACHS & CO.

JOHNSTON, LEMON & CO. Incorporated

LAZARD FRERES & CO.

PAINWEBBER Incorporated

ROBERTSON, COLMAN & STEPHENS

SALOMON BROTHERS INC

SMITH BARNEY, HARRIS UPHAM & CO. Incorporated

WHEAT, FIRST SECURITIES, INC.

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These securities have been sold outside the United States of America and Japan. This announcement appears as a matter of record only.

NEW ISSUE

24th April, 1986

NTN

NTN TOYO BEARING CO., LTD. (NTN Toyo Bearing Kabushiki Kaisha)

U.S.\$110,000,000

8 per cent. Guaranteed Bonds due 1996

Unconditionally and irrevocably guaranteed by

The Sanwa Bank, Limited

Issue Price: 101 1/2 per cent.

Nomura International Limited

Chase Manhattan Limited

Sanwa International Limited

Algemene Bank Nederland N.V.

Citicorp Investment Bank Limited

Credit Suisse First Boston Limited

Deutsche Bank Capital Markets Limited

Goldman Sachs International Corp.

Mitsubishi Trust & Banking Corporation (Europe) S.A.

J. Henry Schroder Wagg & Co. Limited

S.G. Warburg & Co. Ltd.

The Nikko Securities Co., (Europe) Ltd.

Swiss Bank Corporation International Limited

Bank of Tokyo International Limited

Crédit Lyonnais

Daiwa Europe Limited

Dresdner Bank Aktiengesellschaft

LTCB International Limited

Salomon Brothers International Limited

Union Bank of Switzerland (Securities) Limited

Yamaichi International (Europe) Limited

Wells Fargo & Company

£60,000,000

Floating Rate Subordinated Notes due January 1994

In accordance with the provisions of the Notes, notice is hereby given that for the interest period 28th April, 1986 to 28th July, 1986 the Notes will carry an Interest Rate of 10 1/8% per annum. Interest payable on the relevant interest payment date 28th July, 1986 will amount to £13,45 per £5,000 Note.

Agent Bank: Morgan Guaranty Trust Company of New York London

THE BANKER

JUNE ISSUE

Financial Futures and Options The JUNE issue of THE BANKER will be discussing the world's futures exchanges and their instruments and contracts in very considerable detail. Banks and near banks are the main players in the financial futures arena. THE BANKER is the undisputed, really distinguished, wholesale banking monthly journal for policy-making management in commercial banking and treasury finance. These factors unite to offer an outstanding opportunity to sell your expertise and services to banks and financial institutions of all sizes in all time zones.

To advertise in this important market please contact: Study of the FINANCIAL FUTURES & OPTIONS The Marketing Director THE BANKER 102-108 Clerkenwell Road London EC1 Tel: 01-251 9321 - Telex: 23700

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So you can start your business day with the finest international news briefing in the world. For further information please contact Philippe de Normann d'Audenhove, Tel: 02/513.28.16.



U.S.\$30,000,000



Grupo Industrial Sattillo S.A. Floating Rate Notes due 1988

In accordance with the provisions of the Notes notice is hereby given that for the six months interest period from 29th April 1986 to 29th October 1986 the Notes will carry an interest rate of 9 1/2 per cent. The relevant Interest Payment Date will be 29th October 1986, and the interest then payable against coupon No. 10 will be U.S.\$2,287.50 per U.S.\$50,000 Note and U.S.\$228.75 per U.S.\$5,000 Note.

29th April 1986 By: Citicorp International Bank Limited Agent Bank

Handwritten signature or stamp at the bottom of the page.

Declaration of Independence.

SSMITH Bros., Jobbers, and Scott Goff Layton, Stockbrokers, having joined forces under the banner SMITH NEW COURT plc, declare that:

(i) we are *the only major British market-maker* not controlled by any outside group;

(ii) none of our shareholders shall influence our business, nor deflect us from offering *the soundest advice and the keenest prices*;

(iii) furthermore, our *research and agency company* shall maintain its independence from our *market-making side* for as long as our clients require;

(iv) we shall *not abandon The Stock Exchange Floor* and shall equip our pitches with the latest technological devices;

(v) the better to serve our international clients, we shall wherever necessary *duplicate our Stock Exchange facilities* in our offices;

(vi) our expansion overseas shall continue, already well-founded as it is *in America, in the Far East and in Australia*;

(vii) we shall never attempt to impose upon our clients any predetermined pattern of trading, believing *flexibility to be the surest policy* as deregulation approaches;

(viii) whatever *the size or complexity* of your order, Smith New Court stands ready and eager to do your business.

**SMITH
NEW
COURT
PLC**

A. J. Lewis, Chairman, Smith New Court plc, Chetwynd House, 24 St. Swithins Lane, London EC4N 8AT.
Telephone: 01-626 1544. Telex: 884410.

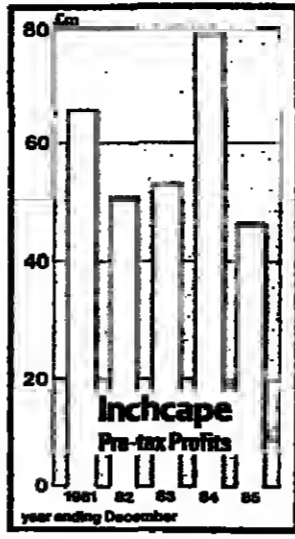
UK COMPANY NEWS

Inchcape drops to £46m as Asian problems bite

LOSSES in South East Asia and much lower profits from India, together with adverse currency movements, brought about a slump in 1985 profits at Inchcape...

and Malaysia was especially severe in the second half, when sales for heavy equipment and vehicles for the timber industry were at a standstill...

oil-production related activity was reflected in many group businesses. In the Middle East, port management profits were lower due to the depressed economy...



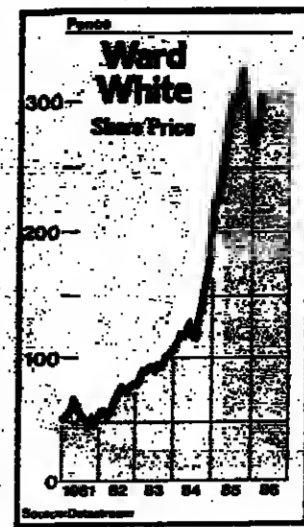
Inchcape Pre-tax Profits year ending December. The chart shows profits of £83.8m (£47.9m) net earnings came to £12.4m (£31m) or 20.4p (29.1p) per share.

Ansbacher and GBL have 21% of Shipley

By David Lascelles, Banking Correspondent. Henry Ansbacher, the UK merchant banking group, and one of its large shareholders, Groupe Bruxelles Lambert, have built up a 21 per cent stake in Brown Shipley...

Enlarged Ward White accelerates to £26m

THE FAST expanding Ward White Group pushed its 1985-86 profits up by £11.7m to £26m pre-tax and is on course for further growth in the current year. Turnover for the group...



1985/86 would be not less than £25m. The figures reported included £3.7m (£742,000) profit on the sale of freehold and long leasehold properties...

comment. The City has never enjoyed complete confidence in Ward White's scattered approach to retaining acquisitions and has duly attached a rating to the company's shares...

BBA's £17m expansion in Australia

BBA Group, the fast expanding conveyor belt and friction materials group, is in advanced negotiations to buy, for about A\$34m (£17m), the braka and clutch manufacturing business of Repco Corporation...

It said Repco was the principal supplier of brakes and clutches for the 300,000 cars produced annually in Australia. The move comes just two months after BBA acquired Automotive Products...

BBA said yesterday that the Australian acquisition would complement the products and geographical spread of Automotive Products. The current proposals would add a further A\$140m (£70m).

The value of the assets to be acquired is subject to an accountant's report and the purchase price will be paid in cash. The transaction is subject to Australian government consent.

Common Bros. board under fire

THE RECENTLY rescued shipping company, Common Brothers, was accused by shareholders at yesterday's AGM of shortchanging trade creditors under the terms of the rescue package...

According to the terms of the package Common Brothers was left with debts of £1m and two principal assets, the Bahamas Cruise Line with two ships and the IRO Frigg drill ship.

Mr Hanley also accused the Common Brothers board of having withdrawn working capital from Scandinavian Livestock Carrier, just before he joined as president. Mr Siem denied this.

"They now find that they are dealing with facades, with cardboard box companies."

According to Mr Kristian Siem, Common Brothers' president, the change in status of the related companies was one of the criteria stipulated by the rescuing banks for the reconstruction package.

Mr Hanley also accused the Common Brothers board of having withdrawn working capital from Scandinavian Livestock Carrier, just before he joined as president. Mr Siem denied this.

The Common Brothers board was also accused of failing to cut costs since the reconstruction of the company. Mr Michael Moriarty, of the stockbrokers Brewin Dolphin, representing one of the company's private shareholders, criticised the board for retaining a London office when the company's activities are concentrated in the US.

Since the reconstruction package was completed Common Brothers' managing director, Mr Simon Hume-Kendall, has resigned. The last member of the founding Common family to be connected with the business, Mr Gilbert Common, has decided not to stand for re-election to the board.

The company's auditors, Arthur Anderson, have also resigned. Rothman, Pantall have been appointed in their place.

DIVIDENDS ANNOUNCED

Table listing dividends for various companies including Allebone, James Beattie, Clayton Holdings, Hopkings Hldgs, Inchcape, Jones Gp, Lewland Inv, Macdonald Martin B, Micro Business, J. Menzies, Pantherella, Plasmat, Samuel Props, Wadkin, Ward White, and Wingate Prop.

Dividends shown in pence per share except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Irish pence throughout.

NOTICE OF REDEMPTION To the Holders of ENTE NAZIONALE IDROCARBURI (National Hydrocarbons Authority)

6% Sinking Fund Debentures due June 1, 1988. NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Sinking Fund for the Debentures of the above-described issue, Morgan Guaranty Trust Company of New York, as Fiscal Agent, has selected by lot for redemption on June 1, 1986 at the principal amount thereof \$750,000 principal amount of said Debentures, as follows:

Table listing Outstanding Debentures of U.S. \$1,000 Each of Prefix "M" Bearing Serial Numbers ending in the following two digits: 04 10 23 54 73 74 78.

On June 1, 1986, there will become due and payable upon each Debenture the principal amount thereof. In such coin or currency of the United States of America as on said date is legal tender for the payment thereof of public and private debts, at the option of the holder, either (a) at the corporate office of Morgan Guaranty Trust Company of New York, 13th Floor, 30 West Broadway, New York, N.Y. 10015, or (b) subject to any laws and regulations applicable thereto with respect to the payment, currency of payment or otherwise in the country of any of the following offices, at the principal office of Banca Nazionale del Lavoro in Rome or the principal office of Banca Commerciale Italiana in Milan or the main offices of Morgan Guaranty Trust Company of New York in London, Brussels, Paris or Frankfurt or the main office of Algemeene Bank Nederland N.V. in Amsterdam or the main office of Kredietbank S.A. Luxembourg in Luxembourg. Payments at the office of any service agent outside of the United States will be made by check drawn on, or transfer to a United States dollar account with a bank in the Borough of Manhattan, City and State of New York. Any payment made by transfer to an account maintained by the payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding at a rate of 30% if payees not recognized as exempt recipients fail to provide the paying agent with an executed IRS Form W-8, certifying under penalties of perjury that the payee is not a United States person or an executed IRS Form W-9, certifying under penalties of perjury the payee's taxpayer identification number (employer identification number or social security number, as appropriate). Those holders who are required to provide their correct taxpayer identification number on Internal Revenue Service Form W-9 and who fail to do so may also be subject to a penalty of 850. Please therefore provide the appropriate certification when presenting your securities for payment. Debentures surrendered for redemption should have attached all unused coupons appurtenant thereto. Coupons due June 1, 1986 should be detached and collected in the usual manner. From and after June 1, 1986 interest shall cease to accrue on the Debentures herein designated for redemption.

ENTE NAZIONALE IDROCARBURI By: MORGAN GUARANTY TRUST COMPANY OF NEW YORK, Fiscal Agent. NOTICE. The following Debentures previously called for redemption have not yet been presented for payment: M17370 17831 17832 17841 27891 27892 30001.

ASDA-MFI GROUP PLC (Incorporated in England as a company with limited liability under the Companies Act 1980) £100,000,000 9 1/8 per cent. Bonds due 2002. The Issue Price of the Bonds is 99 1/2 per cent. of their principal amount payable as to 35 per cent. on 15 May 1986 and 64 1/2 per cent. on 30 July 1986. Morgan Grenfell & Co. Limited, County Bank Limited, ANZ Merchant Bank Limited, Baring Brothers & Co., Limited, Girozentrale und Bank der osterreichischen Sparkassen, Samuel Montagu & Co. Limited, Swiss Bank Corporation International Limited, Credit Suisse First Boston Limited, Barclays Merchant Bank Limited, Deutsche Bank Capital Markets Limited, Lloyds Merchant Bank Limited, J. Henry Schroder Wagg & Co. Limited, Union Bank of Switzerland (Securities) Limited, S.G. Warburg & Co. Ltd.

Gomme buy-out given go-ahead

The scheme of arrangement for a £11.9m management buy-out of Gomme Holdings, the furniture manufacturer, has won court approval. Mr Rodney Hall of SI, which jointly underwrote the buy-out with the Prudential, said that an institutional placing will now be arranged. Mr Hall added: "This deal has ground new ground for management buy-outs as the first successful offer for a public company not involved in a contested takeover bid."

Utd. Bank of Kuwait

The United Bank of Kuwait, the London bank owned by Kuwaiti banking and investment interests, has increased its paid-up capital from £59m to £100m. Mr Christopher Keen, the general manager, said the new capital will be used mainly in the areas of investment banking and the securities markets.

Bank of Montreal (A Canadian Chartered Bank) U.S. \$250,000,000 Floating Rate Debentures, Series 9, due 1996 (Subordinated to deposits and other liabilities). Notice is hereby given that the Rate of Interest for the three month period 29th April, 1986 to 29th July, 1986 has been fixed at 7 1/8 per cent. The amount payable on 29th July, 1986 will be U.S.\$178.52 against Coupon No. 9. Morgan Guaranty Trust Company of New York London.

Granville & Co. Limited Member of The National Association of Security Dealers and Investment Managers. 8 Lovat Lane London EC3R 8BP Telephone 01-621 1212. Table with columns: High/Low, Company, Price Change, Gross Yield, P/E, Fully Paid.

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EARNINGS PER SHARE 1985: 23.63p

In the last year our pre-tax profit has grown to £26 million. (Up by no less than 82%.)

Our earnings per share has grown to 23.63p. (Up by no less than 23%.)

And our dividend has grown to 6.5p. (Up by no less than 14%.)

Indeed, you could say we're a company on the up and up and up.

So what's our secret?

(After all, little more than five years ago we were a small Northamptonshire shoemaker.)

Is it clear strategic thinking? Or management expertise? Or just good fortune?

In our view, it's a combination of all three.

Around five years ago we formed a clearly defined strategy.

One which would take us out of a heavy dependence on manufacturing and into retailing.

Since then our management has developed, has taken opportunities and has consistently shown its ability to transform businesses.

IS THERE A SECRET BEHIND OUR MANAGEMENT'S SUCCESS?

At the same time, of course, we were fortunate in moving into retailing during a period of rapid growth on both sides of the Atlantic.

But what of the future?

Here's what our Chairman and Managing Director, Philip Birch, says in our results announcement.

"1985 has proved to be a year of exciting expansion for the Group both from existing and new businesses.

The joint development of our retail acquisitions and, in particular, the Payless DIY business, illustrates that the pace of expansion is being continued.

A good start has been made to the current year with sales running ahead of the previous year and I confidently expect another year of good progress for the Group."

As he says, throughout the business there is scope for organic growth.

Halfords, Payless DIY, Owen Owen and Zodiac all have tremendous potential.

And we're confident that they will realise it.

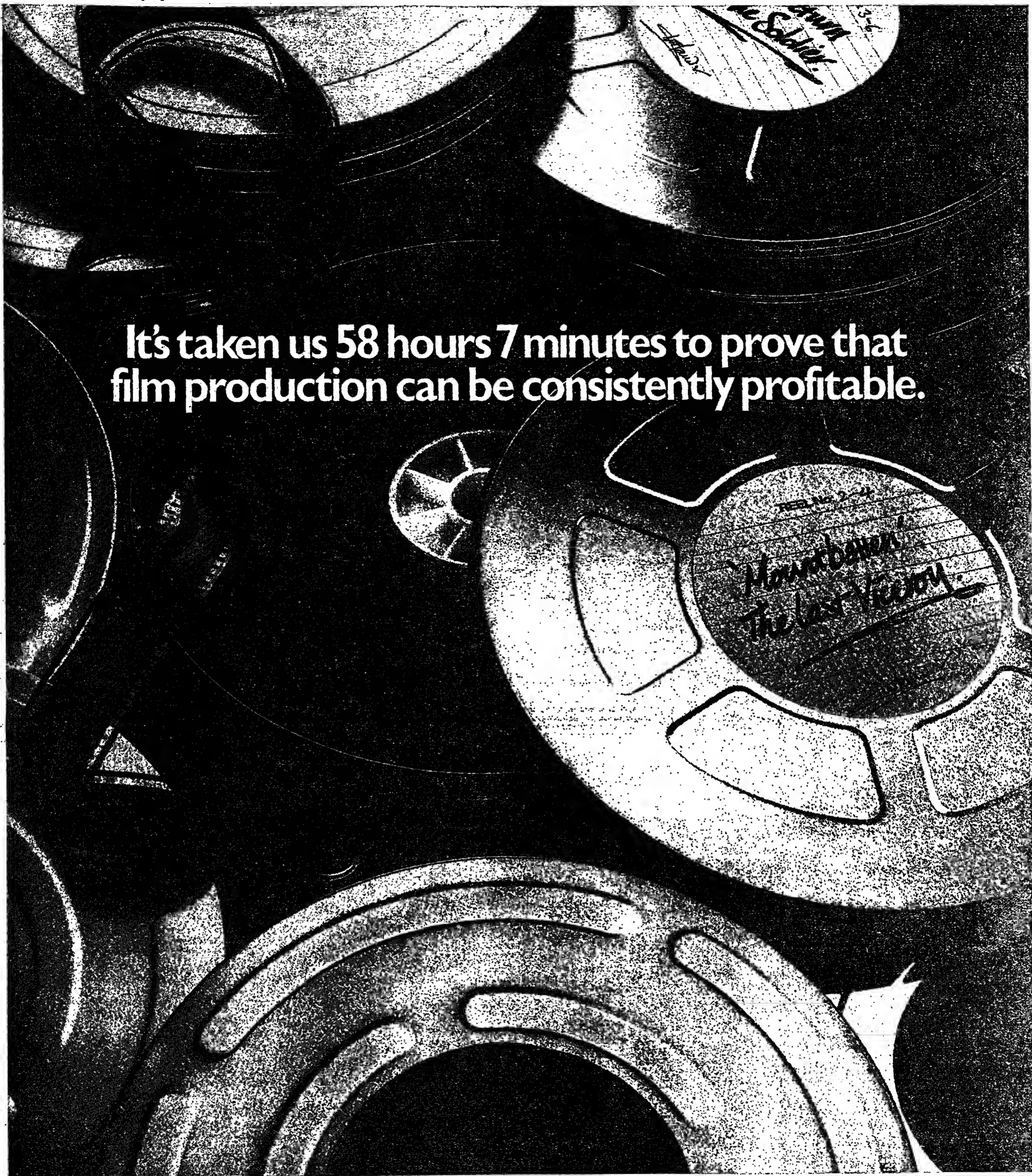
Because even if there isn't a special secret behind our management's success, there is something else.

An increasingly successful track record.

EARNINGS PER SHARE 1981: 7.60p



WARD WHITE 



It's taken us 58 hours 7 minutes to prove that film production can be consistently profitable.

Film production has something of a reputation for unreliability.

Don't ask us why.

In eight years, we've completed six feature films and over fifty hours of television, and in that time each and every production has made a profit.

There are two main reasons for this.

Like many film and television productions, ours



are well-written, well-acted and well-directed.

Unlike most, ours are also well-planned, well-marketed, pre-sold and well-distributed, and it is this which has won us large and lucrative audiences not only in this country, but around the world.

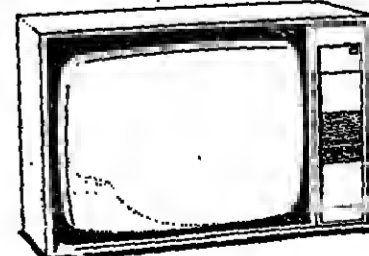
In other words, the success of our film, television and video division, as with all our leisure operations, stems from the fact that we take our pleasures seriously: we do everything from pre-production to distribution, and

everything we do is grounded in good business practice.

Given this, and given new areas of opportunity such as satellite and cable communication, we plan to stay in business for many hours to come, producing film, video and TV entertainments of all kinds.

Except one.

We won't be making any disaster movies.



THE BRENT WALKER GROUP

WORKING FOR PLEASURE

UK COMPANY NEWS

Duport in 'amicable talks' with Williams

BY MARTIN DICKSON

Williams Holdings, the acquisitive industrial holding company which failed in February with a bid for engineers McKeechnie Brothers, is now in talks with Duport, the plastics and metal-forming group, which might lead to a bidding for Duport.

The news yesterday produced a substantial rise in Duport's share price, which closed at 131p, up 16p on the day. At that level the company has a market capitalisation of £71m. Williams closed at 680p, up 5p on the day.

Duport, which used to be predominantly a steel manufacturer, ran into serious difficulties in 1981 and was saved from collapse by a major capital restructuring and the sale of much of its steel business to the British Steel Corporation.

Since then it has moved away from its traditional engineering roots into plastics, which now dominate the group. Its Swiss, curtain rail subsidiary is the UK leader, with some 42 per cent of the market.

It recently estimated its pre-tax profits in the year to last January would be not less than £5.3m, with earnings per share of not less than 7.5p.

Williams Holdings has been built up in just four years by Mr Nigel Budd, its chairman, and Mr Brian McGowan, managing director, into one of a handful of fashionable, fast-expanding engineering companies with a strong growth record. Last year it produced pre-tax profits up 55 per cent at £6.85m.

It failed in an ambitious

£150m bid for the much larger McKechnie when it made continuation of its bid dependent on McKechnie shareholders rejecting their company's bid for Newman Tools. The takeover bid was voted through, but ultimately failed. Only four weeks ago Williams agreed to pay £22m for Pearson's Fairley Engineering subsidiary.

Mr Rudd said yesterday that Williams and Duport were holding "amicable" discussions, and much would depend on whether their financial advisers could come up with an acceptable price.

He believed the companies would be an extremely good fit. Williams' Rawlplug subsidiary would go well with Duport, while the two had forged what could be a share business well.

Demerger fails in £170m bid for Extel

By Charles Batchelor

Demerger Corporation yesterday failed to win control of Extel, the financial and sporting information group. Demerger's innovative £170m takeover bid was the backing of only 32.81 per cent of Extel's shareholders, well below the 90 per cent needed.

Despite Extel's success, the company remains on the defensive facing the prospect that Mr Robert Maxwell, chairman of British Printing and Communication Corporation, may make a bid of his own.

Further market purchases of Extel's shares last week took Mr Maxwell's holding to 5.61m shares or 13.21 per cent of its equity, the company announced yesterday.

Extel is continuing its attempts before the takeover panel to establish that Mr Maxwell had been acting in concert with Demerger. If Mr Maxwell was in concert, he would be barred from bidding again for 12 months.

Mr Michael Rhodes, Demerger chairman, yesterday blamed the failure of the bid on purchases of Extel shares by its advisers, Kleinwort Benson, at above the 400p level of the cash offer.

Mr Rhodes also alleged "an inspired upward revision" of analysts' profit projections for Extel.

Kleinwort countered that it had bought only 660,000 shares and "some of these had been acquired at less than 400p."

Mr Peter Early, managing director of Inducorp, Earl Demerger's advisers, said the bid for Extel had proved that on a technical level a bid aimed at breaking up the target company into its component parts was possible.

The offer had obtained all the necessary clearances from the Inland Revenue and the other regulatory authorities.

"The demerger principle has been established and could be applied to other companies," Mr Alan Brooke, Extel's chairman, said. "We are obviously delighted and hope this will be the end of this vexatious affair. Apart from shareholders with ulterior motives such as Mr Maxwell and AGM (the fund management group) we had overwhelming support from our shareholders."

Extel's shares rose 2p to 396p yesterday.

Hawker in £40m battery deal

BY NICK GARNETT

Hawker Siddeley, the electrical and mechanical engineering group, is extending its battery manufacturing business with the agreed purchase of Power Conversion, a US maker of lithium batteries, for £39m (£59.7m).

The purchase, which is being recommended by the board of the New Jersey-based company to its shareholders, involves Hawker Siddeley paying \$15 per share in cash.

Power Conversion employs 600 at factories in New Jersey and Puerto Rico, and made a pre-tax profit of £1.75m (£2.7m) last year on sales of £14.2m (£21.9m).

Hawker Siddeley's Crumpton Vidor company in South Shields has made lithium batteries under licence from Power Conversion for six years. Its other battery companies include Oldham Tungsten and Graphite (a separate company to Crumpton Vidor).

Main markets for these three companies are the automotive and traction industries, including railway engines and fork-lift trucks while output from Crumpton Vidor goes mainly into defence for applications like telecommunications, industrial, marine and consumer industries.

Hawker Siddeley said yesterday that to exploit the oppor-

unities for lithium batteries in defence, commercial and retail applications. Power Conversion would benefit from a broader management structure and additional finance and marketing expertise.

The group is clearly looking to the long term potential of lithium batteries. Sales of these have grown much faster in the US than Europe, but Hawker does not manufacture them at the moment except at South Shields.

Power Conversion's sales grew during the past five years at a compound annual rate of 37 per cent and pre-tax profits at 41 per cent. Some 70 per cent of Power Conversion's

sales last year were to the US Army for use in digital communications equipment, mine detectors and night vision equipment.

Hawker Siddeley is reporting that the lithium battery, which is lightweight, has high energy density and long shelf life—but is expensive—will be taken up shortly by the US Navy and Air Force.

It also signalled yesterday that it wanted to push Power Conversion's products deeper into commercial markets, particularly in electronic memory back up which includes applications like computers, telephone exchanges and washing machines.

Receivers in at Peters Stores

BY NICK GARNETT

Joint receivers have been appointed to Peters Stores, the loss-making retailing and property group.

Mr Nick Lyle and Mr Ian Turner, of chartered accountants Grant Thornton, say they intend to continue the group's retail trade activities in the Kean Jeans outlets.

Furthermore, the John Walton department store in Newcastle will continue trading normally with a view to the sale of the business as a going concern.

The two men were appointed joint receivers and managers by Barclays Bank.

Dealings in the company's shares were suspended last week pending clarification of its financial position. Peters said at the time that it was in discussions with its bankers with regard to its financial situation.

Last November, faced with losses of £1.5m pre-tax for the year ended June 1985, Peters said it had decided to sell most of its 40 shops and become a property company.

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These securities have been sold outside the United States of America and Japan. This announcement appears as a matter of record only.

NEW ISSUE

24th April, 1986

KENWOOD

TRIO-KENWOOD CORPORATION

(Trio Kabushiki Kaisha)
(in the course of changing its name to Kenwood Corporation)

U.S.\$50,000,000

3 3/4 per cent. Guaranteed Bonds 1991

unconditionally and irrevocably guaranteed by

The Kyowa Bank, Ltd.

(Kabushiki Kaisha Kyowa Ginko)

with
Warrants

to subscribe for shares of common stock of
Trio-Kenwood Corporation

Issue Price 100 per cent.

Nomura International Limited	Kyowa Bank Nederland N.V.
Banque Nationale de Paris	Barclays Merchant Bank Limited
Baring Brothers & Co., Limited	Crédit Lyonnais
Daiwa Europe Limited	Dentsche Bank Capital Markets Limited
Mitsui Finance International Limited	The Nikko Securities Co., (Europe) Ltd.
J. Henry Schroder Wagg & Co. Limited	Union Bank of Switzerland (Securities) Limited
Bank Gutzwiller, Kurz, Bungereger (Overseas) Limited	Banque Bruxelles Lambert S.A.
HandelsBank N.W. (Overseas) Ltd.	IBJ International Limited
KOKUSAI Europe Limited	Morgan Guaranty Ltd
Morgan Stanley International	Swiss Volksbank
Takugin International Bank (Europe) S.A.	Yamaichi International (Europe) Limited

ICI in 1985

Shaping an ambitious future.

Speaking at the Annual General Meeting on 28th April 1986, Sir John Harvey-Jones, Chairman of ICI, said:

This is a special meeting for me because it gives me a formal opportunity to introduce my successor, Denys Henderson, who succeeds me on 1st April 1987, will be the 11th, and youngest ever, Chairman of ICI which is eloquent tribute to his abilities and stature.

ICI was formed on the 7th of December 1926. Looking back over those sixty years, we see major changes. It is a great tribute to generations of ICI people that your Company is still growing and shaping an ambitious future for itself in the markets of the world.

Growing Resurgent Business

I should like you to look at the 1985 results in the broad sweep of the last five years. The business has grown from sales of £6.6bn to £10.7bn and the average annual growth has been about 11bn. For two years 1981 and 1982 pre-tax profits stayed around £300m then leapt to £600m then to £1,000m and last year fell back somewhat to £912m, still 47% up on 1983. These figures for growth and profitability are the figures of a growing, resurgent business.

We have re-arranged our reporting of Group activities under four Industry Segments: Consumer and Speciality Products, Industrial Products, Agriculture, and Oil and Gas, placing the emphasis on the different markets we serve and better describing the changing shape of our business.

The highlight of 1985 was the performance of the Consumer and Speciality Products segment, which increased its trading profit by £71m. Particularly noteworthy were further growth in pharmaceuticals and an encouraging first contribution by the businesses acquired from Beatrice Companies Inc. The acquisition of the Beatrice chemical businesses was a key business decision intended to contribute



INDUSTRIAL PRODUCTS

both to increasing our portfolio of high added-value products and accelerating our expansion in the USA.

As far as the overall check in profits in 1985 is concerned there were several contributory factors. First, the European heavy chemical businesses increased sales but were unable to sustain their 1984 profit performance because of pressures on margins. Trading profits in the Industrial Products segment fell back by £64m - still well up on 1983. Second, oil production from Ninian continues to decline and oil taxation has now increased from 60% to 65%. Overall, the oil factor reduced trading profits by about £50m. Third, 1985 was an exceedingly difficult year for world agricultural activity. Notwithstanding these difficult conditions and in spite of start-up costs with its new plant breeding business, agrochemicals not only increased its sales turnover by 13% but held its profits level. Although fertilizers increased sales turnover by 7%, trading profit fell by £37m. Finally, the effects of currency fluctuation and volatility were less favourable compared with 1984.

Results for the first quarter of 1986 show that businesses which did well in 1985 are continuing to do well and there has been welcome improvement in fibres, colours and a very strong performance in polyurethanes. However the oil business has been hit by the fall in crude oil prices and problems in fertilizers and related products have intensified. The net result is that Group sales were somewhat down and profits somewhat up compared with the fourth quarter of 1985.

The ICI Group's relatively small oil interests are experiencing difficult trading conditions at present prices, but for the whole Group there is likely to be advantage - if the oil price stays down and as the benefits of reduced feedstock costs and increased economic activity come through.

Evolution of Strategy

We must go where the markets are and a major strategic target is expansion in the United States.

In 1981 our sales there were just over £1/2bn and accounted for less than 9% of our business. By 1985 sales had trebled and were more than 15% of the business. The substantial increases in ICI sales have been mainly overseas. Our designation of a Consumer and Speciality Products segment highlights the extent to which the balance of our business is changing towards higher added-value 'effect' products. In total almost half our chemicals turnover is in 'effect' products which provide nearly two thirds of our trading profit.

So our base for future growth in Specialities is well established. The third major building block in our strategy is innovation. Last year we launched something like eighty new products and we made a significant increase in R&D expenditure. These brief reflections on the continuing evolution of our strategy will convey that we know what we want to do, we are doing it, and we are going to go on doing it.

Dividend Target

As stockholders, I'm sure you will be as pleased as we are that the Board has felt able to make a real increase in dividends from 30p to 33p per share and will be equally pleased by the increase in value of ICI shares which have risen from a low of 226p in 1981 to touch £10 at one point earlier this year. The more our performance is reflected in a higher market price for our stock, the more stockholders benefit and the better we are able to raise funds and finance expansion.

You will not have been surprised by our concern at the Government's imposition of a 5% tax on the creation of new depositary receipts (ADRs) - the form in which most UK equities are traded outside the UK. It is not only the immediate implications for American investors, who now hold some 15-16% of our stock, that have caused us to voice our objections to the new tax so publicly. The Government's decision, if brought into effect, will put UK companies at both

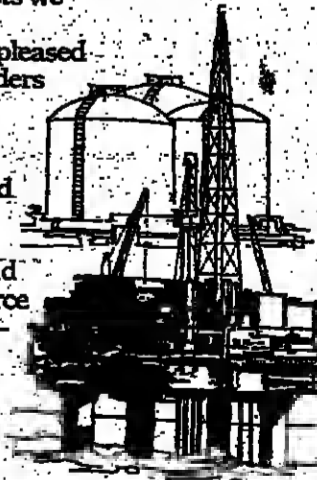
commercial and financial disadvantage opposite their foreign competitors. We, together with other major companies are continuing our efforts to suggest alternative mechanisms which will meet the Chancellor's concerns.

Commitment to Success

Each Chairman of ICI is a custodian for a brief period in the life of the Company. I think we are fortunate in the elements which have become a continuous part of ICI. First, the importance of people; second, our pursuit of improvement; third, our commitment to research. Three continuing streams in ICI thinking and action, as vital today in the success of our business as they were sixty years ago. The nature of the chemical industry is changing. It is no longer enough to produce great tonnages at low costs for the markets of the world. Our business increasingly focuses on specific customers and on adding service to the products we supply them with.

Finally, I am particularly pleased that the number of stockholders increased during 1985. I do not wish to diminish the importance of institutional shareholders or of our United States shareholders - but the small stockholder with his personal interest and concern is a most active source of strength, encouragement and advice.

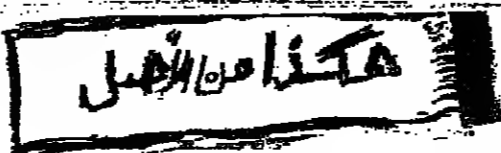
I have still a year to go, but this is the last time I shall stand before you at an AGM. I am totally confident that when Denys Henderson succeeds to this stewardship next year your investment in ICI will continue to be a stake in a great Company which has the ability to realise its ambitions for the future.



OIL AND GAS



Imperial Chemical Industries PLC



UK COMPANY NEWS

Oil downturn expected to be of net benefit to ICI

BY TONY JACKSON

Imperial Chemical Industries expects the fall in the oil price to be of net benefit to this year's profits...

ICI had a similar response to questions about a rumoured rights issue. "I cannot make a positive statement," he said...

Hopkinsons adds £1m to year-end profits

SECOND HALF pre-tax profits at Hopkinsons Holdings, manufacturers of boiler mountings and valves, improved from £2.27m to £2.72m...

Plasmec losses are worse than expected

BY RICHARD TOMKINS

Plasmec, the USM-quoted specialist plastics and mechanical engineering group, has turned in pre-tax losses of £570,000 for the year to December against profits of £397,000 the year before...

However, the first part of 1986 had seen a return to more normal order rates with modest profitability in the first quarter. Turnover for the year rose from £7.01m to £7.14m...

Allebone swings back to profit in second half

A SHARP recovery in the second six months enabled Allebone and Sons, footwear manufacturer and retailer, to more than make up its first half £218,000 loss.

Pre-tax profits were after interest charges of £282,000 (£198,000) and a £414,000 (£541,000) profit on the disposal of properties.

Better trend continues at TI in first quarter

The improving trend in profitability at TI Group continued in the first quarter, but overall there had been no great change in market conditions.

Pantherella advances 16%

Pantherella, the Leicester-based maker of men's socks, reports another successful year in 1985, particularly in export markets.

is at the same level as last year. The directors are, however, still planning for a more buoyant market as the year progresses.

IN BRIEF

ROCK, the High Wycombe-based dealer in engineers' consumable supplies, has consolidated its return to the last payment was almost doubled profits in 1985.

James Beattie ahead

Improved pre-tax profits, up from £4.82m to £5.6m, for the year to March 31 1986, and sales, excluding sales taxes, advanced from £41.72m to £44.2m.

Hispano Americano International Limited. U.S. \$ 100,000,000 Guaranteed Floating Rate Notes due 1995. Guaranteed by Banco Hispano Americano, S.A.

Westpac Banking Corporation. DM 250,000,000 5 7/8% Subordinated Bearer Bonds of 1986/1996. Issue Price: 100% Interest: 5 7/8% p.a., payable annually in arrears on April 30. Redemption: on April 30, 1996 at par.

TOP VALUE INDUSTRIES, the Manchester-based clothing manufacturer, made pre-tax profits of £5,000 during 1985 after incurring losses of £215,000 the previous year.

JONES GROUP, Dublin-based shipping, engineering, manufacturing and distribution group, increased its pre-tax profits from £2.04m to £3.07m in 1985.

CHEPSTOW RACECOURSE, which promotes and runs race meetings, made taxable profits of £11.97m in 1985 compared with £17.01m the previous year.

CONRAD HOLDINGS reports a taxable profit of £345,013 on £6.95m sales for period to end December 1985.

TOWLES, maker of hosiery and knitwear, reports slightly higher taxable profits of £397,000, against £388,000, for the year to end February 1986.

A warning to all company directors. Annual returns for 1985 which have not reached the Registrar of Companies are now overdue and must be filed immediately with the S20 fee.

AEGON EARNINGS UP 16.5%. FILL IN THE COUPON AND WE'LL FILL YOU IN ON THE FACTS. With earnings up to Dfl 308 million (US\$ 111 million) and shareholders' equity 47% higher at Dfl 3,457 million (US\$ 1,247 million) - AEGON's 1985 results make very good reading.

AEGON Insurance Group. Shareholders are invited to attend the Annual General Meeting of Shareholders to be held in the room "Residentzaal" of the Promenade Hotel, 1 Van Stolkweg, The Hague, The Netherlands, on Wednesday, 21st May 1986 at 2.30 p.m.

FT LAW REPORTS

Buyers with risk but no title cannot sue

LEIGH & SILLEMAN LTD v ALLAXON SHIPPING CO LTD

House of Lords (Lord Keith of Kinkel, Lord Brandon of Oakbrook, Lord Brightman, Lord Griffiths and Lord Ackner) April 24 1986

WHERE THE risk in goods has passed to prospective buyers on shipment under a c & f contract and the contract is then varied so that the right of disposal and the property remain with the sellers on transfer of shipping documents...

LORD BRANDON said that by a c & f contract made in July 1976 the buyers agreed to buy steel coils to be shipped from Korea to Immingham...

The goods were loaded on board the Allaxon at Immingham in South Korea, and in July 1976 the buyers agreed to buy steel coils to be shipped from Korea to Immingham...

When the ship arrived at Immingham the buyers carried out the contract as varied. On discharge the good proved to be in a damaged condition...

Under the usual kind of c & f or cif cost insurance freight contract, risk in the goods passed on shipment...

because of the original c & f contract, and there was nothing in the new terms which caused it to revert to the sellers...

There was a long line of authority for the principle that a person, to claim in negligence for loss or damage to property, must have had legal ownership or possessory title when the loss or damage occurred...

None of the cases in this line of authority concerned a claim by a c & f or cif buyer to recover when the risk but not the property had passed...

Mr Clarke for the buyers did not question any of the cases of the long line of authority, but contended that The Wear Breeze was wrongly decided and should be overruled...

Ground 1: that the characteristics of a c & f or cif contract differed from those in the other non-recovery cases...

Ground 2: that under a c & f or cif contract the buyer acquired equitable ownership on shipment of the goods...

Ground 3: that the law of negligence had developed significantly since 1969 when The Wear Breeze was decided...

Ground 4: that any rational system of law would provide a remedy for persons who suffered the present kind of loss...

Ground 5: the judgment of Lord Justice Robert Goff in the Court of Appeal...

The appeal should be dismissed. Their Lordships agreed. For the buyers: Anthony Clarke QC and Nigel Teare (Anthony King & Co).

For the shipowners: Nicholas Phillips QC and Jonathan Sumption QC (Hollman Fenwick & Willan).

By Rachel Davies Barrister

A Financial Times Survey EAST ANGLIA TUESDAY 17 JUNE 1986

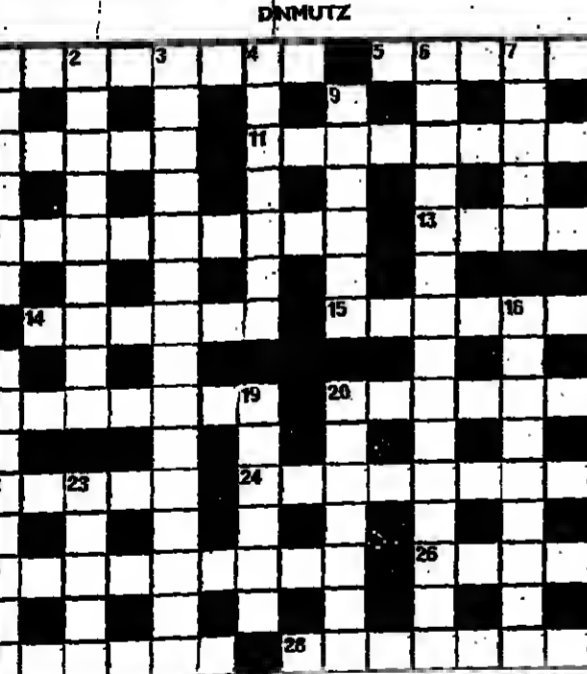
For further details, please contact: COLIN DAVIES on 01-245 8900 ext 3240 or write to him at: 10 CANNON STREET LONDON EC4A 3DF

Europe's Business Newspaper

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust, Allied Group Unit Trusts, and others, including their names, managers, and performance data.

FT CROSSWORD PUZZLE No 6,009



- ACROSS: 1 Drive in Wimbledon and reverse direction (8); 5 Balanced, sat for a list about one (6); 8 Quotes the tourist attractions, we bear (6); 11 Discount for box-setting (9); 12 String-pulling in the platform? (8); 13 At home, pet-training can be awkward (5); 14 Bats at the wicket all there (6); 15 Destroy or reduce threats (7); 18 Light diet may be ordered (7); 22 TV, papers etc reporting maiden ove one short (5); 24 Travelling, can take long time with good books (9); 25 Finish of small amount in Antrea, perhaps (9); 26 Lady-love with bad back (5); 27 Feel biter about penny deducted from offer (6); 28 Dishes 'at knock us out' (8); DOWN: 1 Muscle that provides army strength (6); 2 Nice, sly change for the townsfolk (6); 3 Putting into dock? (15)

AUTHORISED UNIT TRUSTS & INSURANCES

Main table listing various financial products, including unit trusts and insurance policies, with columns for company names, product names, and numerical values.

INSURANCES

Table listing insurance companies and their respective products, including details like policy types and contact information.

Handwritten signature or stamp at the bottom center of the page.

INSURANCE, OVERSEAS & MONEY FUNDS

Table of financial data for various insurance and overseas funds, including company names, fund names, and numerical values.

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Main table of financial data for insurance, overseas, and money funds, containing multiple columns of fund names and values.

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Main table of financial data for insurance, overseas, and money funds, containing multiple columns of fund names and values.

Table of financial data for money market trust funds, including fund names and values.

Table of financial data for money market bank accounts, including bank names and account values.

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Table of financial data for money market bank accounts, including bank names and account values.

OFFSHORE AND OVERSEAS

Text describing offshore and overseas investment opportunities and services.

Text describing offshore and overseas investment opportunities and services.

Text describing offshore and overseas investment opportunities and services.

Text describing offshore and overseas investment opportunities and services.

Text describing offshore and overseas investment opportunities and services.

NOTES

Notes providing additional information and disclaimers regarding the fund data.

TRADITIONAL OPTIONS

Table listing traditional options with 3-month call rates and other details.

Text providing a selection of options traded in the London Stock Exchange.

COMMODITIES AND AGRICULTURE

EEC reaches partial sugar deal

BY CANUTE JAMES IN KINGSTON AND ANDREW GOWERS IN LONDON

AFRICAN, Caribbean and Pacific sugar exporters have reached a partial compromise settlement with the EEC on the price of raw cane sugar sold to the Community this delivery year.

had awarded to its domestic producers. The agreement to raise the price for the last three months of the delivery year will theoretically cost Tate & Lyle, the UK-based sugar refiner, which buys most of the ACP exports, between £670,000 and £700,000 extra.

margin in the cane sugar refining business, which are set considerably lower than those for beet sugar. But it is unclear whether this will actually serve to improve Tate's situation.

year, it does not stand to gain as much from the agreement as the Caribbean exporters. Its objections to the deal are understood to be serious, and could still create an obstacle to its implementation.

London rubber index futures launched

BY ANDREW GOWERS

LONDON'S rubber trade yesterday launched a futures contract based on a rubber price index in a bid to attract business back from the Far East.

which are graded on a more scientific basis. TSRs have become more popular among US tyre manufacturers, for example, but hedging them against RSS 1 rubber can be risky because prices of the two types of rubber do not always move together.

Terminal Market Association, which has set up the new contract in conjunction with the Rubber Trade Association.

rose from 5639 a tonne in early February to 6651 in mid-May. Yesterday, the spot index was quoted at 5334 a tonne and trading volume in the future contract totalled 73 lots.

Brazil rejects quota cut

By Our Commodities Staff

BRAZIL yesterday flatly rejected suggestions that its coffee export quota should be reduced as a result of the drought which has cut its 1986 coffee crop by about half.

US to boost cotton sales

BY NANCY DUNNE IN WASHINGTON

ADDITIONAL SUPPLIES of cotton are likely to flow on to the world market as a result of new rules on the US price support programme announced by the Department of Agriculture late last week.

Tea demand good

By Our Commodities Staff

DEMAND at yesterday's weekly London tea auction was described as "fairly good" by the Tea Brokers' Association, with the average price of medium quality teas steady at 152p a kilo and that of low mediums slightly lower at 105p against 106p last week.

LONDON METAL EXCHANGE

Table with columns for Metal, Price, and Change. Includes Aluminium, Lead, Nickel, Tin, Zinc, Silver, and Gold.

LONDON MARKETS

STERLING'S firmness against the dollar put most metal prices under pressure on the London Metal Exchange yesterday. Cash higher grade copper dropped 65.50 to close at 2525 a tonne, while lead, which has been declining steadily for the past few weeks under the influence of chronic over-supply, reached a new 10-year low of 237.75 a tonne (cash), down 22.75.

INDICES

Table with columns for Index Name, Value, and Change. Includes Reuters, Dow Jones, and Main Price Changes.

US MARKETS

PRECIOUS METALS closed mixed around unchanged levels with silver continuing to attract the most negative sentiment on technical factors and breaking through recent support levels in this volume.

HEATING OIL 42,000 US gallons

Table with columns for Month, High, Low, and Price. Includes May, June, July, Aug, Sept, Oct, Nov, Dec, Jan, Feb, Mar, Apr.

The long winter of discontent

THE LAST 12 months have been among the most difficult for farming of any sequence I can remember.



FARMER'S VIEWPOINT By John Cherrington

patience, ploughed it up and reseeded it with barley. The autumn sown barley appear to have wintered a little better than wheat, and the best developed crops I have seen are of this species. They are usually sown first and may have had a better start before the drought set in.

ing back the grass, and I am feeding the ewes heavily to make sure the lambs get as much milk as possible. Sheep in general thrive on short grass but it needs to have more life in it than is apparent at the moment. The drought and frost killed 50 acres of autumn sown grass which would have produced a lot of good early feed in a normal year.

with 20 plants to the square metre he was told that he should be all right. One of the benefits of the heavy seed rates fashionable these days is that you can afford to lose a fair few plants and still get a crop.

Now that dry farmers are over quota they will not lose much sleep if the customary spring flush does not happen immediately. Nor will the annual flush of fat lambs come quite so soon in late May and early June. This is particularly frustrating because New Zealand early lambs have been held back by a strike, they will probably arrive just when our surge of output is at its strongest in July.

WHEAT

Wheat crop trading nervously, awaiting from morning news to finish on the high. New crop fall & 21 den before sending on renewed export activity to finish on a steady note.

SOYABEAN MEAL

Old crop trading nervously, awaiting from morning news to finish on the high. New crop fall & 21 den before sending on renewed export activity to finish on a steady note.

FRIGHT FUTURES

Dry cargo futures remained unchanged in early active trading conditions. Tanker futures lost ground on a steady note.

POTATOES

Agreement to set up an autonomous inter-governmental body was reached in Geneva last November.

THE LACK OF WARMTH IS HOLDING BACK THE GRASS, AND I AM FEEDING THE EWES HEAVILY TO MAKE SURE THE LAMBS GET AS MUCH MILK AS POSSIBLE.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar down despite support

The dollar traded nervously, falling to another record closing low against the Japanese yen...

IN NEW YORK

April 29 Lastest Prev. close Sterling gained 14 cents to close at \$1.9507-1.9509...

FINANCIAL FUTURES

Late recovery

Prices recovered from early levels in the London International Financial Futures Exchange yesterday...

reflected fears that the US authorities might allow a small increase in cash rates to support the dollar.

Chart and resistance point trading seemed to govern much of the trading in US Treasury bonds...

POUND SPOT—FORWARD AGAINST POUND

Table with columns: April 29, Days, Close, One month, % Three months, % Six months. Rows include US, Canada, West Germany, etc.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Table with columns: April 29, Days, Close, One month, % Three months, % Six months. Rows include UK, West Germany, France, etc.

CURRENCY MOVEMENTS

Table with columns: April 29, Bank of, Morgan, Special European, % Change. Rows include US dollar, West German mark, etc.

CURRENCY RATES

Table with columns: April 29, Bank, Special European, % Change. Rows include US dollar, West German mark, etc.

CHICAGO

Table with columns: US Treasury Bonds, US Treasury Bills, % Change. Rows include 30-year, 10-year, etc.

LONDON

Table with columns: 30-year, 10-year, % Change. Rows include 30-year, 10-year, etc.

EXCHANGE CROSS RATES

Table with columns: Apr. 29, \$, DM, Yen, FF, SFR, Lira, US, SFR. Rows include US dollar, West German mark, etc.

OTHER CURRENCIES

Table with columns: April 29, C, \$, % Change. Rows include Argentina, Australia, etc.

STERLING INDEX

Table with columns: April 29, Previous, % Change. Rows include 3.30, 3.20, etc.

WORLD VALUE OF THE POUND

Table with columns: COUNTRY, CURRENCY, VALUE OF £ STERLING. Rows include Afghanistan, Algeria, etc.

EURO-CURRENCY INTEREST RATES

Table with columns: April 29, Short, 3 Days, 1 Month, 3 Months, 6 Months, 1 Year. Rows include Sterling, US dollar, etc.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Country, Currency, % change from central, % change from EMS, Divergence limit. Rows include Belgium, France, etc.

FT LONDON INTERBANK FIXING

Table with columns: Bid, Offer, % Change. Rows include Three months US dollar, Six months US dollar.

MONEY MARKETS

UK rates finish slightly firmer

Interest rates were slightly firmer in London yesterday as the prospect of an early cut in clearing bank base rates faded...

NEW YORK RATES

Table with columns: Prime rate, Broker loan rate, Fed funds rate, Treasury Bills & Bonds. Rows include Prime rate, Broker loan rate, etc.

LONDON MONEY RATES

Table with columns: April 29, Over night, 7 days, 1 month, 3 months, 6 months, 1 year. Rows include Interbank, Sterling, etc.

MONEY RATES

Table with columns: April 29, Over-nt, One Month, Two Months, Three Months, Six Months, Lombard. Rows include Frankfurt, Paris, etc.

LONDON INTERBANK FIXING

Table with columns: Bid, Offer, % Change. Rows include Three months US dollar, Six months US dollar.

LONDON MONEY RATES

Table with columns: April 29, Over night, 7 days, 1 month, 3 months, 6 months, 1 year. Rows include Interbank, Sterling, etc.

WORLD VALUE OF THE POUND

Table with columns: COUNTRY, CURRENCY, VALUE OF £ STERLING. Rows include Afghanistan, Algeria, etc.

Fob Story advertisement featuring a keychain with a 'SAVE' tag and promotional gifts like key rings, cuff links, etc.

Legal Notices and Company Notices section containing various legal announcements and corporate news.

Clubs section listing various clubs and their details.

Large table at the bottom of the page containing detailed financial data, likely related to the 'WORLD VALUE OF THE POUND' section.

BRITISH FUNDS

Table of British Funds with columns for Name, Price, Dividend, and Yield. Includes sections for 'Shorts (Lives up to Five Years)', 'Free to Fifteen Years', and 'Over Fifteen Years'.

AMERICANS - Cont.

Table of American Stocks with columns for Name, Price, Dividend, and Yield. Includes sections for 'Undated' and 'Indexed (Dated)'.

INT. BANK AN O'SEAS GOVT STERLING ISSUES

Table of International Bank and Overseas Government Sterling Issues with columns for Name, Price, Dividend, and Yield.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth and African Loans with columns for Name, Price, Dividend, and Yield.

LOANS

Table of Loans with columns for Name, Price, Dividend, and Yield.

Public Board and Ind.

Table of Public Board and Industrial shares with columns for Name, Price, Dividend, and Yield.

FOREIGN BONDS & RAILS

Table of Foreign Bonds and Rails with columns for Name, Price, Dividend, and Yield.

AMERICANS - Cont.

Table of American Stocks (continued) with columns for Name, Price, Dividend, and Yield.

CANADIANS

Table of Canadian Stocks with columns for Name, Price, Dividend, and Yield.

BANKS, NP & LEASING

Table of Banks, Non-Performing Assets, and Leasing companies with columns for Name, Price, Dividend, and Yield.

Hire Purchase, Leasing, etc.

Table of Hire Purchase, Leasing, and other financial services with columns for Name, Price, Dividend, and Yield.

BEERS, WINES & SPIRITS

Table of Beers, Wines, and Spirits with columns for Name, Price, Dividend, and Yield.

BUILDING, TIMBER, ROADS

Table of Building, Timber, and Roads with columns for Name, Price, Dividend, and Yield.

AMERICANS

Table of American Stocks (continued) with columns for Name, Price, Dividend, and Yield.

LONDON SHARE SERVICE

BUILDING, TIMBER, ROADS - Cont.

Table of Building, Timber, and Roads (continued) with columns for Name, Price, Dividend, and Yield.

DRAPERY & STORES - Cont.

Table of Drapery and Stores (continued) with columns for Name, Price, Dividend, and Yield.

CHEMICALS, PLASTICS

Table of Chemicals and Plastics with columns for Name, Price, Dividend, and Yield.

ELECTRICALS

Table of Electrical companies with columns for Name, Price, Dividend, and Yield.

OPRERY AND STORES

Table of Drapery and Stores (continued) with columns for Name, Price, Dividend, and Yield.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, and other retail companies with columns for Name, Price, Dividend, and Yield.

NOTES AND CATERERS

Table of Notes and Caterers with columns for Name, Price, Dividend, and Yield.

INDUSTRIALS (Misc.)

Table of Industrial companies (Miscellaneous) with columns for Name, Price, Dividend, and Yield.

ENGINEERING - Continued

Table of Engineering companies with columns for Name, Price, Dividend, and Yield.

INDUSTRIALS - Continued

Table of Industrial companies (continued) with columns for Name, Price, Dividend, and Yield.

INDUSTRIALS - Continued

Table of Industrial companies (continued) with columns for Name, Price, Dividend, and Yield.

Handwritten signature 'J. J. J. J.' at the bottom of the page.

INDUSTRIALS-Continued. Table listing various industrial stocks such as ICI, Shell, British Petroleum, and others, including their share prices and market changes.

LEISURE-Continued. Table listing leisure-related stocks including Leisure, Holiday, and other recreational companies.

PROPERTY-Continued. Table listing property and real estate related stocks such as Property, Estate, and building companies.

INVESTMENT TRUSTS-Cont. Table listing various investment trusts and funds, their assets, and performance.

FINANCE, LAND-Cont. Table listing financial and land-related stocks, including banks and landowners.

MINES-Continued. Table listing mining stocks and related companies, including diamond and platinum mines.

NOTES. Information regarding currency exchange rates, interest rates, and other financial news.

LONDON STOCK EXCHANGE

MARKET REPORT

Account Dealing Dates
Option
*First Declared Last Account
Dealings Date Dealings Day
Apr 14 Apr 24 Apr 25 May 6
Apr 28 May 8 May 9 May 19
May 12 May 29 May 30 June 9

Gilts lower but equities move ahead after cautious opening

London equity markets regained a measure of composure as the new trading account underwent a half hour earlier official dealings now commence at 9 am. Blue chip industrials edged higher, but with most potential investors still looking for a positive lead, there was little of substance behind yesterday's improvement. Nevertheless, an uncertain start gave way to brighter conditions as buyers began to show a little more confidence. Much of the day's interest, however, centred on companies mentioned in the week-end financial press. Early in the day two further bids were announced, London International appeared on the scene with a share exchange offer for Wedgwood, while Dupont found itself on the receiving end of a takeover approach from Williams Holdings. This ensured another round of speculative activity in many other companies regarded as potential bid candidates.

Royals 8 better at 920p and Sun Alliance 12 to the good at 74p. Brown Shipley stood out among merchant banks, rising 45 to 595p, after 600p, on the announcement that Henry Ansbacher and Group Bruxelles Lambert, working in concert, had acquired a near 21 per cent stake in the company. Mercury International advanced 20 to 485p, after 470p, on news that the company had acquired a 21 per cent stake in the company. Mercury International advanced 20 to 485p, after 470p, on news that the company had acquired a 21 per cent stake in the company.

FINANCIAL TIMES STOCK INDICES

Table with columns for indices: Government Secs, Fixed Interest, Ordinary, Ord. Div. Yield, Earnings, P/E Ratio, Total bargains, Equity turnover, Equity bargains, Shares traded. Includes sub-tables for Highs and Lows, and S.E. Activity.

International rose 8 to 232p, and Total preliminary figures expected today, closed 3 up at 90p. Revised speculative support lifted Bristol Druggists 15 to 112p, Harold Ingram a similar amount to 155p, after 160p, and Lister 4 to 71p. Parkland Textiles, scheduled to reveal annual results next month, improved 5 to 129p.

RECENT ISSUES

Table of recent issues with columns for Issue, Amount, Date, Price, etc.

FIXED INTEREST STOCKS

Table of fixed interest stocks with columns for Issue, Amount, Date, Price, etc.

RIGHTS OFFERS

Table of rights offers with columns for Issue, Amount, Date, Price, etc.

Dealing started yesterday in Sto Modwen Properties, formerly Redman Heenan International, following the acquisition of the Clarke companies via a share placing and rights issue; the shares, after opening at 13, moved up to 14p prior to closing at 14p. The placing was paid in shares, settled at 3 1/2p premium, having touched 4 1/2p premium. USM newcomer Splash Products, the leisurewear products concern, had year figures due tomorrow, at 72p, the shares opened at 73p and progressed to 77 1/2p. Irish hotel group Juras, whose shares were offered at 115p, started at 115p but drifted back to 113p.

Table of Highs and Lows and S.E. Activity.

comment also stimulated revived demand for Martin Ford, 4 higher at 78p, and French Com 4 higher at 24p. Plesing full-year figures listed James Beattie A, 4 to 94p, and Top Value 7 to 65p, but Allibone disappointed in revealing sharply reduced annual profits and dipped 5 to 46p. Linerco 110p after revised better results, amid unconfirmed rumours that 15 per cent of the equity had been put through the market.

The Leisure sector included a handful of firm features. Really Useful Group advanced 14 more to 450p, following a weekend Press comment, while rumours of an imminent injection of assets encouraged demand for Select TV, 3 up at 17p. Admittedly, the latter was a scrawpy buying in a restricted market.

Government securities found little comfort to the sharp advance in sterling against the US dollar yesterday, underlying sentiment being unsettled by the 533m March trade deficit. Loosely dated stocks opened on a relatively steady close with the appearance of a few sellers saw prices drift lower. A small rally developed following firm early opening indications from the American bond market. But quotations fell as the day progressed, with a few sellers saw prices drift lower. A small rally developed following firm early opening indications from the American bond market.

Willis Faber jump

Firm Lloyds Brokers were featured by Willis Faber which advanced 41 to 468p following a Press report that Morgan Grenfell, the merchant bank, in which it holds a sizeable stake, is about to seek public listing. Misset moved up 8 to 236p, also after newspaper comment, while improvements of between 10 and 15 were seen in C. E. Heath, 643p, Scogwick, 355p, and Stewart Wrightson, 412p. Computat were quietly firm with

Ward White feature

Secondary Stores provided numerous firm features. Ward White were particularly buoyant and closed 10 to the good at 113p, after a revised better forecast preliminary results. Ratners, the Jewellers advanced 12 to 156p following a "boy" recommendation, while high ratings for Sear's also in receipt of a favourable mention. Numerous good features emerged among secondary

Wedgwood higher

Boots continued firmly among the miscellaneous industrial listings, rising 6 more to 289p following weekend Press comment.

Friday's Active Stocks

Based on bargains recorded in Stock Exchange Official List.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table of FT-Actuaries Share Indices with columns for Equity Groups & Sub-sections, Mon April 28 1986, Fri April 25, etc.

EUROPEAN OPTIONS EXCHANGE

Table of European Options Exchange with columns for Series, Vol., Last, etc.

FRIDAY'S ACTIVE STOCKS

Table of Friday's Active Stocks with columns for Stock, No. of Shares, etc.

LONDON TRADED OPTIONS

Table of London Traded Options with columns for Option, Calls, Puts, etc.

FIXED INTEREST

Table of Fixed Interest with columns for Price Indices, Mon, Day's Change, etc.

FRIDAY'S ACTIVE STOCKS

Table of Friday's Active Stocks with columns for Stock, No. of Shares, etc.

FRIDAY'S ACTIVE STOCKS

Table of Friday's Active Stocks with columns for Stock, No. of Shares, etc.

LONDON TRADED OPTIONS

Table of London Traded Options with columns for Option, Calls, Puts, etc.

Opening Index 1620.2; 10 am 1620.9; 11 am 1620.9; Noon 1626.5; 1 pm 1627.9; 2 pm 1628.3; 3 pm 1629.0; 3.30 pm 1628.4; 4 pm 1628.7. Flat yield. Highs and lows record, base dates, values and consequent changes are published in Saturday issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4A 3DF, price 15p, by post 20p.

WORLD STOCK MARKETS

AUSTRIA table with columns for stock names and prices.

GERMANY table with columns for stock names and prices.

NORWAY table with columns for stock names and prices.

AUSTRALIA (continued) table with columns for stock names and prices.

JAPAN (continued) table with columns for stock names and prices.

CANADA

TORONTO Prices of 2:30pm April 28 table with columns for stock names and prices.

BELEM/LUXEMBOURG table with columns for stock names and prices.

SPAIN table with columns for stock names and prices.

SWEDEN table with columns for stock names and prices.

HONG KONG table with columns for stock names and prices.

NEW YORK COMMODITIES table with columns for commodity names and prices.

DENMARK table with columns for stock names and prices.

ITALY table with columns for stock names and prices.

NETHERLANDS table with columns for stock names and prices.

FRANCE table with columns for stock names and prices.

AFRICA table with columns for stock names and prices.

Indices

NEW YORK COMMODITIES and INDICES tables with columns for index names and values.

FRANCE (continued) table with columns for stock names and prices.

NETHERLANDS (continued) table with columns for stock names and prices.

FRANCE (continued) table with columns for stock names and prices.

AFRICA (continued) table with columns for stock names and prices.

OVER-THE-COUNTER Nasdaq national market, 2pm prices

Large table of over-the-counter stock prices with columns for stock names, sales, and prices.

CANADA

TORONTO table with columns for stock names and prices.

NYSE COMPOSITE PRICES

Table of NYSE composite prices with columns for index names and values.

LONDON Chief price changes

LONDON table with columns for stock names and price changes.

FINANCIAL TIMES advertisement with text: 'EUROPE'S BUSINESS NEWSPAPER', 'Staying in the Principality of Monaco', 'Only in the Financial Times', 'HAND DELIVERY SERVICE', 'BASSEL/GENEVA/LUGANO/ZURICH SWITZERLAND'.

Prices at 2pm, April 28

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Main table of stock prices with columns for 12 Month High/Low, Stock, P/E, Div, Yld, and various price points. Includes sub-sections for 'C C C', 'D D D', and 'N N N'.

Kidder, Peabody Securities Limited. Market Makers in Euro-Stocks. An affiliate of Kidder, Peabody & Co. Incorporated. Founded 1865 • Member SIPC. New York • London • Paris • Geneva • Zurich • Hong Kong • Tokyo.

Continued on Page 49. Includes a large handwritten signature 'Khalid' at the bottom.

NYSE COMPOSITE PRICES

AMEX COMPOSITE PRICES

Prices at 2pm, April 28

Main NYSE composite price table with columns for stock symbols, prices, and changes. Includes sub-sections like 'Continued from Page 48' and 'Continued on Page 47'.

AMEX composite price table with columns for stock symbols, prices, and changes. Includes sub-sections like 'Continued from Page 48' and 'Continued on Page 47'.

OVER-THE-COUNTER Nasdaq national market, 2pm prices

Over-the-counter price table with columns for stock symbols, prices, and changes. Includes sub-sections like 'Continued from Page 48' and 'Continued on Page 47'.

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FINANCIAL TIMES

WORLD STOCK MARKETS

WALL STREET

Discouraged by lacklustre profit trend

THE LACKLUSTRE trend of corporate profits for the first quarter discouraged Wall Street yesterday, writes Terry Byland in New York.

Stock prices drifted lower in dull trading, and bonds proved unable to hold early gains.

At 3pm the Dow Jones industrial average was down 1.74 at 1,833.83.

Also unsettling the markets was the uncertain prospect for federal bonds, which expect to hear at mid-week the details of another record quarterly refunding by the US Treasury, probably totalling about \$25bn.

The fall in the dollar has cast doubts over the demand for US bonds from Japan, as well as making it more difficult for the Fed to ease credit policy. Many analysts, however, believe that sluggishness in the economy will force rates lower.

Mr John Akers, president of IBM, told stockholders that the computer monarch - and the rest of the industry - had "not yet put the problems of 1985 behind us."

General Motors disclosed further cuts in car production, as inventories remained uncomfortably high and a major financial data service reported that quarterly profits from US corporations to date are nearly 10 per cent down on the preceding quarter.

There was little selling pressure, but prices began to crumble as the session progressed without any sign of renewed buying from the major institutions.

A further fall in the Dow Transportation average heightened worries that the inability of this index to make progress reflects underlying softness elsewhere in the market.

A further easing in the dollar took the top off bond prices at noon, and stocks extended early falls.

IBM sbaded 5/4 to \$158 1/2 in moderate trading. Other computer stocks also weakened, NCR taking a knock of 1/4 to \$51.

Among the Detroit stocks, General Motors gained 5/4 to \$81 1/2, but Ford, down 5/4 to \$79, and Chrysler, down 5/4 to \$37 1/2 saw sellers.

The Dow average was weakened by selling of tobacco stocks after a district judge appeared to overrule the recent court judgment that manufacturers are protected from liability suits by the health warnings printed on cigarette packets.

Philip Morris fell 1/4 to \$63 and R. J. Reynolds 1/4 to \$4 1/4. But neither suffered massive selling, and the market expects the legal wrangle to continue.

The Dow was helped, however, by renewed strength in Merck, the pharmaceutical leader which benefits from a lower dollar.

Features among the financials included the first trading report from Morgan Stanley since its public quotation. The stock edged up 5/4 to \$78 1/4 in minimal turnover.

Great Western Financial, the large thrift group, jumped 1/4 to \$43 1/4 after dropping its offer to buy Citadel Holding.

Horizon Bancorp gained 1/4 to \$46 1/4 on reports that Chemical NY Bank plans to buy a New Jersey bank when legislation permits.

Stock in FMC, the machinery and chemicals group, rose 3/4 to \$69 1/4 after the board improved the cash portion of their recapitalisation plan.

The flow of company results slackened. Atlantic Richfield, however, stood out with a fall of 1/4 to \$52 1/4 after disclosing a sharp fall in profits.

Singer Manufacturing lost 5/4 to \$51 1/4 on the trading results, while MCA, the firms and records company, eased 5/4 to \$52 1/4 despite good earnings.

Bond prices began to weaken at mid-session despite a further round of liquidity help from the Federal Reserve which made four-day system repurchase arrangements - a strong indication that the board wants federal funds to remain below 7 per cent.

Short-term rates shaded lower behind funds rate at 6 3/4 per cent. Concern over the attitude of Japanese investors remained intact, and the market will keep watch next week's Treasury auctions for signs of foreign investment demand.

EUROPE

Weak dollar generates shock waves

THE WEAKER DOLLAR sent shock waves across the European bourses yesterday while end-of-month selling pressure countered much of the effect of reductions in key market interest rates.

Frankfurt fell for the fifth consecutive session, with the Commerzbank index down a further 58.5 points to 2,134.7. Reports that the Bundesbank and the Bank of Japan had intervened to support the dollar, which hit a five-year low against the D-Mark, only emphasised the fragility of the US currency's position.

Car makers suffered heavily, but the retreat soon spread to all sectors. Daimler took a DM 28 fall to DM 1,447, only to be eclipsed by a proportionally sharper DM 27 drop to DM 555 for BMW. VW did not fare well despite last week's batch of news and closed DM 20.50 cheaper at DM 611.

Deutsche led the banking sector sharply lower with a DM 13 fall to DM 851.50 while Commerzbank closed DM 7.50 weaker at DM 341.

Kaufhof managed to lose only DM 1 to DM 458 ahead of its dividend news released after the close while Horen fell DM 12 to DM 197 despite a strong forecast for the current year.

Bonds were dull as the Bundesbank sold DM 15.1m worth of paper.

Asterdam saw leading internationalals suffer on the weaker dollar. The opening shots in the federal election campaign tended to act as a diversion, pushing many investors to the sidelines.

Akzo, which is still locked in battle with Du Pont over patent rights, fell Fl 5 to Fl 164 as Unilever declined Fl 6 to Fl 427.

Westland-Utrecht, the troubled mortgage bank, was suspended at Fl 50 while FGH lost 40 cents to Fl 44.40.

The bond market was also inhibited by the election campaign and tomorrow's bank holiday.

The 1/2 percentage-point cut in the key intervention rate to 7 1/2 per cent by the Bank of France failed to support Paris as profit-takers continued to make inroads on last week's gains.

Szeg suffered one of the sharpest falls with its 7.4 per cent drop to Ffr 88 as Darty turned Ffr 142 lower - a 4.4 per cent fall - to Ffr 3,068.

Peugeot's Ffr 20 advance to Ffr 1,040 buoyed the motor sector while Pernod at Ffr 1,235 added Ffr 48.

Zurich held steady despite the dollar as most export-sensitive stocks resisted any sell-off pressure.

Swissair was one of the few dollar-exposed issues to suffer with its bearer stock off Sfr 50 to Sfr 1,800 and the registered form down Sfr 40 to Sfr 1,530.

Steady financials saw Union Bank unchanged at Sfr 5,430 while Swiss Re moved against the trend in slightly easier insurance stocks with a Sfr 150 advance to Sfr 18,750.

The expected surge in activity in Milan following the cut in the discount rate on Thursday and the market holiday on Friday failed to materialise. Prime-rate cuts were announced after the close.

Institutional buyers remained active as individual investors started to move out of select blue chips and industrials.

Fiat managed to resist most of the pressure and actually posted a small L33 rise to L12,400, and Montedison edged L9 higher to L4,369. Snia dipped L20 to L6,980.

The profit-takers continued to hold the high ground in Brussels as unease over the country's budget deficit and fears over expanded industrial unrest grew. The Belgian Stock Exchange index retreated 51.44 to 3,616.20 despite the release of very good industrial production figures for January.

Stockholm was also dominated by profit-takers with Fermenta losing Skr 14 to Skr 175 and Volvo Skr 7 cheaper at Skr 389.

Oslo staged a broad retreat in light trading as Aker fell Nkr 10.50 to Nkr 109 on poor first-quarter results.

Banks led the rally to active Madrid trading.

TOKYO

Settling into a golden holiday week

THE "golden week" series of public holidays began in Tokyo yesterday, but trading was lacklustre with shares advancing only modestly, writes Shigeo Nishizaki of Jiji Press.

The Nikkei average gained \$0.50 from last week's close to 15,757.93. Volume totalled 409.51m shares compared with Friday's 582.85m. Advances led declines 467 to 353, with 146 issues unchanged.

Investors retreated to the sidelines because they were uncertain about the overall market outlook, although they expected either high-technology or domestic demand-related stocks to lead after the Tokyo summit of seven major industrial democracies begins on May 4.

Some blue chips were popular around midday supported by investment trusts' buying. Hitachi rose Y18 at one stage but closed only Y10 higher at Y920. The issue, topping the active list with 21.54m shares changing hands, attracted buy orders for 3m shares from investment trusts.

JVC jumped Y120 to a record Y3,070, eclipsing its previous peak of Y3,000. But Matsushita Electric Industrial finished Y10 lower at Y1,640 after gaining Y20 earlier.

Investors bunted issues with hidden incentives to seek short-term capital gains. Toshiba, the second busiest issue with 21.48m shares traded, leaped Y27 to Y810 while Shimizu Construction, third with 20.84m shares, surged Y24 to Y594, both on rumours that speculators were concentrating on these issues.

Shinko Electric rose Y10 to Y390 on talk of its shares being cornered.

Toya Soda, seventh with 7.32m shares, advanced Y8 during the session, helped by reports on mass production of human growth hormone. But it closed Y1 lower at Y391. Taogosei Chemical, Y25 up at ooe stage, came under profit-taking pressure later to finish Y3 higher at Y510.

Meiji Milk added Y18 to Y598, Nitto Boseki Y29 to Y669 and Rhythm Watch Y20 to Y415.

But electric power and gas issues fell from favour, with Tokyo Electric Power shedding Y30 to Y3,910 and Tokyo Gas Y8 to Y381.

Many construction issues firmed

HONG KONG

INSTITUTIONS injected enthusiasm into Hong Kong where prices ended mixed. The Hang Seng index jumped 14.03 to 1,848.65, repeating Friday's record performance.

Banks were targeted by investors following a rally in Hongkong Bank shares last week. Hang Seng Bank surged HK\$1.50 to HK\$40.00 ex-all, and Bank of East Asia gained 70 cents to HK\$20.70 while Hongkong Bank was unchanged at HK\$7.30 ex-all.

Hongkong Telephone put on 20 cents to HK\$11.30 on rumours that its main shareholder, Cable & Wireless, may be interested in a takeover.

INVESTORS continued to wait on the sidelines ahead of today's flotation by Cathay Pacific Airways.

Prices fell across the board, and the Straits Times industrial index slumped 7.26 to 563.34, its lowest level since August 1982.

Cycle & Carriage shed 10 cents to S\$1.02 on a turnover of only 16,000 shares.

North Borneo Timbers dropped 9 cents to 77.5 cents. Singapore Press gave up 10 cents to S\$5.65 and Haw Par ended 5 cents lower at S\$1.75.

LONDON

BLUE-CHIP industrials edged higher, but most other sectors failed to follow the lead in London as the new trading account got under way a half hour earlier, official dealings now commence at 9am.

Bids held the centre stage. A share exchange offer for Wedgwood pushed it 25p higher to 368p while Boots gained 6p to 269p on persistent takeover speculation.

The FT-SE 100, which fell 2.4 at the start of trading, recovered to end 6.2 higher at 1,628.80, and the FT Ordinary share index put on 7.4 to 1,365.30.

Chief price changes, Page 47; Details, Page 46; Share information service, Pages 44-45.

AUSTRALIA

THE POST-HOLIDAY blues depressed prices in Sydney as trading resumed after Friday's Anzac Day break. Most sectors ended mixed to lower with some institutional demand registering among industrial shares.

BHP dropped 18 cents to A\$7.32 after a 20-cent dividend and in the light of no news regarding its takeover. After the market closed, however, a Perth court gave Mr Robert Holmes a Court, the suitor, the green light for his AS26m offer, ending months of legal wrangling.

Bell Resources dropped 5 cents to A\$4.30 ex-rights while parent company Bell Group added 10 cents to A\$8.10.

SOUTH AFRICA

LACK of interest and any fresh factors left shares easier in Johannesburg. Gold shares mixed in the overall trend.

Kinross, at the more expensive end of the market, lost R1 to R41 while cheaper issue Elsberg gave up 25 cents to R7.

Among mining financials Anglo American shed R1.25 to R42.25, and in platinum Impala ended 50 cents lower at R30.

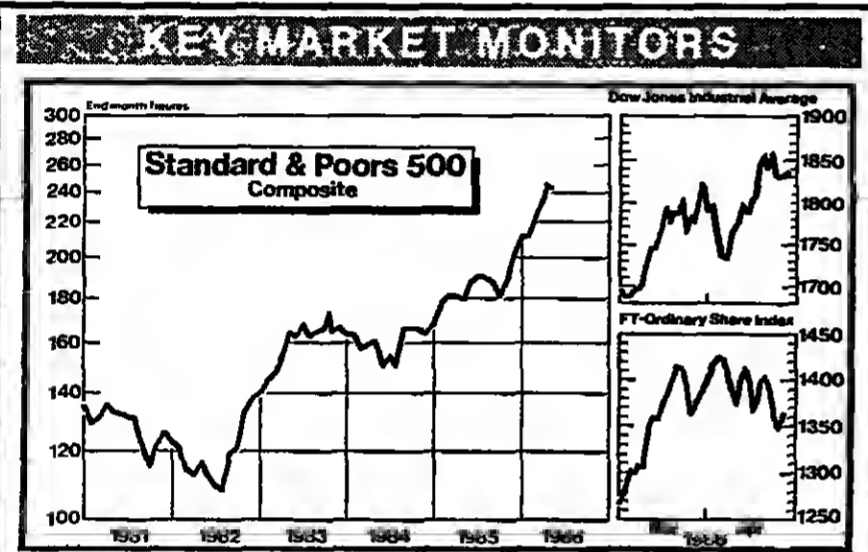
Diamond share De Beers lost 40 cents to R23.30, and other mining issues were steady while industrials ended mixed.

CANADA

OIL AND INDUSTRIAL issues led Toronto higher while golds tended to drift lower.

After bouncing back into the black and forecasting a moderate full-year profit, Noranda remained steady at C\$174.

Utilities were steady in Montreal, but banks and industrials edged downwards.



STOCK MARKET INDICES				
	April 28	Previous	Year ago	
NEW YORK				
DJ Industrials	1,833.83	1,835.57	1,275.18	
DJ Transport	811.21	810.97	586.25	
DJ Utilities	185.27	186.7	154.75	
S&P Composite	242.01	242.29	182.18	
LONDON				
FT Ord	1,365.3	1,357.9	968.5	
FT-SE 100	1,628.8	1,622.8	1,295.3	
FT-A All-share	801.14	797.32	622.24	
FT-A 500	877.37	873.52	683.19	
FT Gold mines	253.7	257.2	508.6	
FT-A Long gilt	8.57	8.91	10.60	
TOKYO				
Nikkei	15,757.98	15,689.88	12,405.1	
Tokyo SE	1,248.11	1,245.11	967.93	
AUSTRALIA				
All Ord.	1,206.9	1,210.4	874.0	
Metals & Mins.	529.2	530.3	573.7	
AUSTRIA				
Credit Aktien	129.78	128.08	79.05	
BELGIUM				
Belgian SE	3,618.10	3,667.64	2,226.67	
CANADA				
Toronto				
Metals & Mins Composite	2,191.4	2,162.8	2,037.0	
Montreal				
Portfolio	1,609.33	1,609.33	131.12	
DENMARK				
SE	n/a	246.4	192.15	
FRANCE				
CAC Ind.	402.7	404.9	215.5	
Ind. Tendence	150.1	182.0	78.1	
WEST GERMANY				
FAZ-Aktien	703.91	721.67	426.05	
Commerzbank	2,134.7	2,183.2	1,235.7	
HONG KONG				
Hang Seng	1,848.65	1,834.62	1,506.49	
ITALY				
Banca Comm.	752.88	757.84	278.76	
NETHERLANDS				
ANP-CBS Gen	267.5	270.6	211.0	
ANP-CBS Ind	254.8	256.1	168.4	
NORWAY				
Oslo SE	351.03	359.47	324.26	
SINGAPORE				
Straits Times	563.34	570.60	796.65	
SOUTH AFRICA				
JSE Golds	-	1,175.9	1,076.4	
JSE Industrials	-	1,094.7	896.2	
SPAIN				
Madrid SE	177.03	173.92	80.36	
SWEDEN				
J & P	2,255.05	2,302.95	1,449.45	
SWITZERLAND				
Swiss Bank Ind	580.5	586.4	423.9	
WORLD				
MS Capital Int'l	319.6	319.4	203.7	
COMMODITIES				
(London)	April 28	Prev		
Silver (spot fixing)	\$30.00p	\$31.00p		
Copper (cash)	\$925.00	\$931.50		
Coffee (May)	\$2,228.50	\$2,261.00		
Oil (Brent blend)	n/a	\$11.85		
GOLD (per ounce)				
	April 28	Prev		
London	\$344.75	\$345.00		
Zurich	\$343.60	\$344.25		
Paris (fixing)	\$345.93	\$344.46		
Luxembourg	\$345.00	\$344.70		
New York (June)	\$345.80	\$346.20		

CURRENCIES					
	US DOLLAR	STERLING			
(London)	April 28	Previous	April 28	Previous	
\$	-	-	1.5555	1.538	
DM	2.164	2.181	3.365	3.355	
Yen	167.15	168.15	260.0	258.5	
Sfr	6.8975	6.9475	10.73	10.685	
FFr	1.808	1.8215	2.8125	2.8025	
Guilder	2.442	2.463	3.7975	3.7875	
Lira	1,485.5	1,498.5	2,311.25	2,304.5	
BFr	44.15	44.55	68.65	68.5	
CS	1.3775	1.385	2.14	2.1255	
INTEREST RATES					
Euro-currencies (3-month offered rate)					
\$	10%	10 1/4%			
Sfr	4%	4 1/4%			
DM	4%	4 1/4%			
FFr	7%	7 1/4%			
FT London Interbank fixing (offered rate)					
3-month USS	7%	6 3/4%			
6-month USS	6 1/4%	6 1/2%			
US Fed Funds	6 1/4%	6 1/2%			
US 3-month CDs	6.65%	6.57%			
US 3-month T-bills	6.05%	5.25%			
US BONDS					
Treasury					
	April 28	Price	Yield	Prev	Yield
6% 1988	99 3/4	6.877	100 1/4	6.91	6.91
7% 1993	99 3/4	7.418	100 3/4	7.349	7.349
8% 1996	109 1/4	7.508	109 3/4	7.441	7.441
9% 2018	119 1/4	7.568	120 3/4	7.519	7.519
Source: Harris Trust Savings Bank					
Treasury Index					
	April 28	Return	Day's	Yield	Day's
Maturity	index	change	change	change	change
1-30	151.28	+0.62	7.45	-0.08	
1-10	143.44	+0.45	7.29	-0.09	
1-3	134.73	+0.30	7.02	-0.09	
3-5	148.48	+0.56	7.44	-0.10	
15-30	179.39	+1.21	8.00	-0.06	
Source: Merrill Lynch					
Corporate					
	April 28	Price	Yield	Prev	Yield
AT & T					
3% July 1990	88 1/2	7.00	88 1/2	7.0	
SCBT South Central	107	107	7.61		
Xerox	10%	10%	106 1/2	7.97	
10% Mar 1993	-	-	102 1/2	8.98	
Diamond Shamrock	9%	9.57	98 1/2	8.66	
Arco	9%	9.57	98 1/2	8.66	
9% March 2016	105 1/2	9.30	106 1/2	9.21	
General Motors	8%	8.71	94 1/2	8.66	
8% April 2016	98	9.57	98 1/2	8.66	
Citicorp	9%	9.57	98 1/2	8.66	
9% March 2018	98	9.57	98 1/2	8.66	
Source: Salomon Brothers					
FINANCIAL FUTURES					
CHICAGO					
US Treasury Bonds (CBT)					
8% 32nds of 100%	June	98-24	98-18	98-15	98-08
US Treasury Bills (TMM)	June	94.1	94.14	93.98	93.96
1 month points of 100%	June	93.38	93.38	93.37	93.34
Certificates of Deposit (CDM)	June	93.38	93.38	93.37	93.34
3 month points of 100%	June	93.38	93.38	93.37	93.34
LONDON					
3-month Eurodollar					
June	93.19	93.20	93.08	93.20	
20-year National Gilt	June	126-17	127-00	125-29	126-25
\$50,000 32nds of 100%	June	126-17	127-00	125-29	126-25
* Latest available figures					

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